

CITY OF BUFFALO, MINNESOTA

ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Fiscal Year Ended
December 31, 2021

Buffalo
CITY OF BUFFALO, MINNESOTA

CITY OF BUFFALO, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2021

PREPARED BY: FINANCE DEPARTMENT

CITY OF BUFFALO, MINNESOTA
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INTRODUCTORY SECTION



June 6, 2022

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

Minnesota Statutes require all cities to issue an annual report on the city's financial position and activity prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, the City hereby issues the Annual Comprehensive Financial Report of the City of Buffalo, Minnesota (the City) for the year ended December 31, 2021. 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 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 16,784. 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 & 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 Finance Department prepares estimates for an annual budget and submits 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, and most recently, during the COVID pandemic. During the economic downturn, the city lost very few of its local businesses, although some reduced their workforce and scaled back operations. New commercial development came to a virtual standstill and growth remains conservative but is

increasing. 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 primarily residential and approximately 24% 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 \$60,280,845, being issued in 2021. New construction accounts for \$29,458,170 and additions/remodels make up the remaining \$30,822,675 balance. In 2021, the city issued 78 new housing permits compared to 85 in 2020. Single family homes accounted for 100% of the new housing permits. The average value new home is about \$300,745 compared to \$269,089 in 2020. 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 2020 and 2021. 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 2021. The outlook in this region looks promising with commercial industrial activity and the recent single-family residential development projects.

In 2021, the City received approximately \$898,000 American Rescue Plan (ARPA) funding to aid in the response and mitigation of the COVID-19 pandemic. The City designated these funds for eligible infrastructure improvements to the City's Wastewater Treatment Facility. The City is expected to receive an additional \$898,000 of ARPA funds in 2022.

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 2022 budget that called for a total increase in tax levy of 6.35%. The adopted 2022 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 within 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. Actions taken in 2021 included the rollout of the downtown façade grant and loan program funded through the City's HRA. The Downtown Plan serves as an element of the Comprehensive plan and acts as a guiding policy document for keeping historic downtown vibrant. Goals of the update include supporting commercial development opportunities, maintaining focus on downtown revitalization and viability, and maintaining/increasing focus on diversified housing. The challenge moving forward will be the implementation of the plan and creating development opportunities within the downtown area for new and existing businesses as well as diversified housing.

The City implemented the guidance resulting from a comprehensive utility rate study in 2020 for its electric, fiber, water, and wastewater utilities effective for 2021 rates. 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 continues to develop and implement the Financial Management Plan as a long-term planning tool to identify sustainable funding mechanisms for future facilities, streets, equipment, and other infrastructure improvements. This tool is now a part of the annual budget and five-year capital improvement plan development process.

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

The City continued construction on a \$8 million fire station in downtown buffalo. The Fire Station was substantially completed in the spring of 2022. 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.

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.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Financial Report for the year ended December 31, 2020. This was the first year that the city has achieved this prestigious award. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe the current 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.

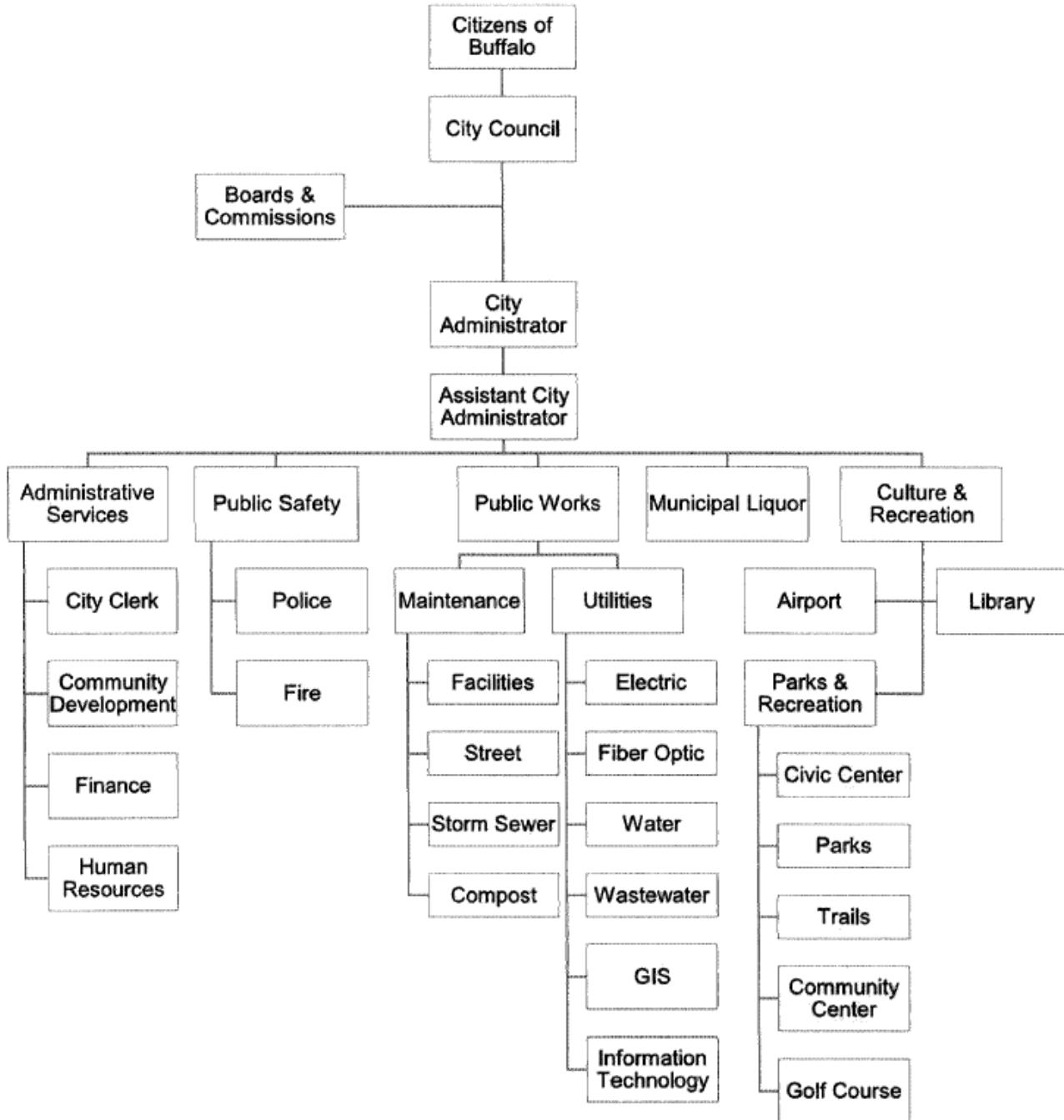
The 2021 ACFR meets the highest professional standards and was prepared in a timely and cost-effective manner. The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department, other city department heads, and through 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,



Kelly M Horn, CPA
Finance Director

**CITY OF BUFFALO, MINNESOTA
ORGANIZATIONAL CHART
DECEMBER 31, 2021**



CITY OF BUFFALO, MINNESOTA
PRINCIPAL OFFICIALS
DECEMBER 31, 2021

Elected Officials

		<u>Term Expires</u>
Mayor	Teri Lachermeier	December 31, 2022
Council Member	Eric Anderson	December 31, 2022
Council Member	Scott Enter	December 31, 2022
Council Member	Steve Downer	December 31, 2024
Council Member	Nick O'Rouke	December 31, 2024

Appointed Officials

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

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Buffalo (the City), Minnesota as of and for the year ended December 31, 2021, and the related notes of the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2021, 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.

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 as of and for the year ended December 31, 2020, and we have expressed unmodified audit opinions on those audited financial statements in our report dated May 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor governmental fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor governmental fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is fluid and cursive, with "CliftonLarson" on the first line and "Allen LLP" on the second line.

CliftonLarsonAllen LLP

Alexandria, Minnesota
June 6, 2022

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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, 2021.

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 \$71,872,451 (net position). The unrestricted portion of net position, the portion used to meet the City's ongoing obligations to citizens and creditors, is \$7,425,265.
- The City's total net position increased by \$10,688,679 from 2020 mainly due to receiving construction grants and aids 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 \$11,860,997, a decrease of \$4,140,689 in comparison with the prior year. The overall unassigned fund balance is a deficit \$412,492.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,364,018, or 36% of total 2021 general fund expenditures.
- The City's total bonded debt decreased by \$9,014,999 or 9.8% 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, 2021**

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 25 to 27 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 28 to 33 of this report.

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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 34-43 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 44 to 92 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information (RSI)* demonstrating the City's compliance with its adopted budget for the General Fund and information regarding defined benefit pension plans and other postemployment benefits that the City participates in. The RSI and related notes can be found on pages 93 to 110 of this report.

Supplementary Information

The combining statements referred to earlier in conjunction with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 111 to 118.

CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021

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 \$71,872,451 at the close of the most recent fiscal year compared to \$61,183,772 at the end of 2020.

By far, the largest portion of the City's net position (79%) reflects its net investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF BUFFALO'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current and Other Assets	\$ 16,056,638	\$ 20,375,787	\$ 12,326,519	\$ 10,416,661	\$ 28,383,157	\$ 30,792,448
Capital Assets	57,756,608	52,862,006	84,707,720	86,306,180	142,464,328	139,168,186
Total Assets	<u>73,813,246</u>	<u>73,237,793</u>	<u>97,034,239</u>	<u>96,722,841</u>	<u>170,847,485</u>	<u>169,960,634</u>
DEFERRED OUTFLOWS OF RESOURCES						
	2,837,186	1,176,425	1,625,268	621,322	4,462,454	1,797,747
LIABILITIES						
Noncurrent Liabilities Outstanding	25,644,229	29,660,364	57,729,281	64,615,782	83,373,510	94,276,146
Other Liabilities	6,104,827	7,206,140	8,570,559	7,664,182	14,675,386	14,870,322
Total Liabilities	<u>31,749,056</u>	<u>36,866,504</u>	<u>66,299,840</u>	<u>72,279,964</u>	<u>98,048,896</u>	<u>109,146,468</u>
DEFERRED INFLOWS OF RESOURCES						
	3,589,079	1,280,795	1,799,513	147,346	5,388,592	1,428,141
NET POSITION						
Net Investment in Capital Assets	32,405,054	28,720,904	24,169,329	21,274,431	56,574,383	49,995,335
Restricted	7,872,803	6,415,845	-	-	7,872,803	6,415,845
Unrestricted	1,034,440	1,130,170	6,390,825	3,642,422	7,425,265	4,772,592
Total Net Position	<u>\$ 41,312,297</u>	<u>\$ 36,266,919</u>	<u>\$ 30,560,154</u>	<u>\$ 24,916,853</u>	<u>\$ 71,872,451</u>	<u>\$ 61,183,772</u>

The City's restricted net position (11%) 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, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities

Governmental activities increased the City's net position by \$5,045,378. The most significant change in governmental net position is due to the following:

- A \$1,557,178 increase in fees, charges, fines, and other revenue, an increase of \$752,160 in capital grants and contributions, as well as a \$1,674,669 reduction in expenses from prior year.

Business-Type Activities

Business-type activities increased the City's net position by \$5,643,301. The most significant change in business-type net position is due to the following:

- A \$2,939,962 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, 2021:

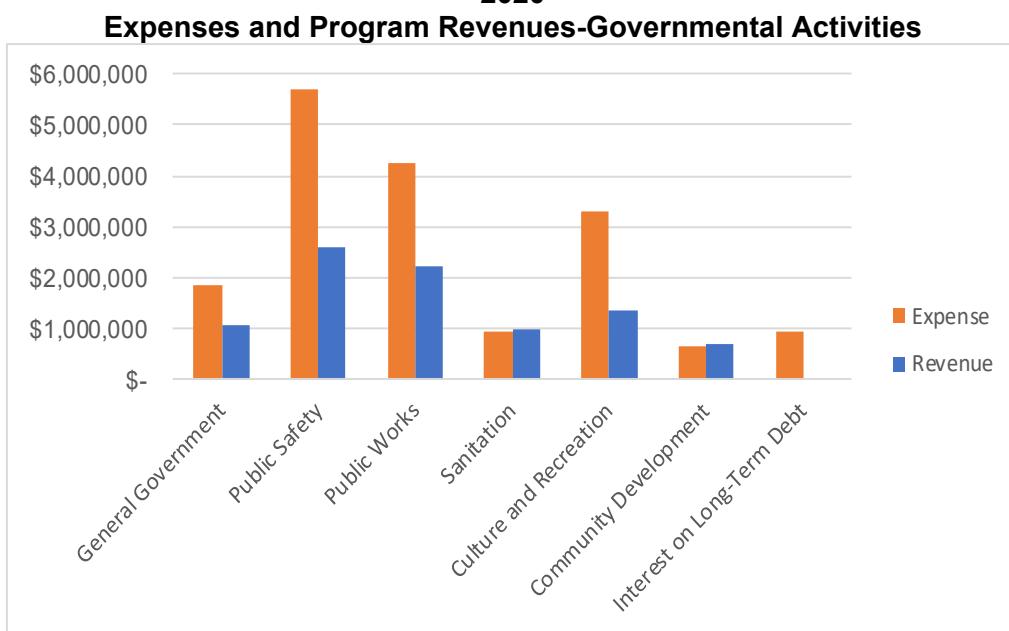
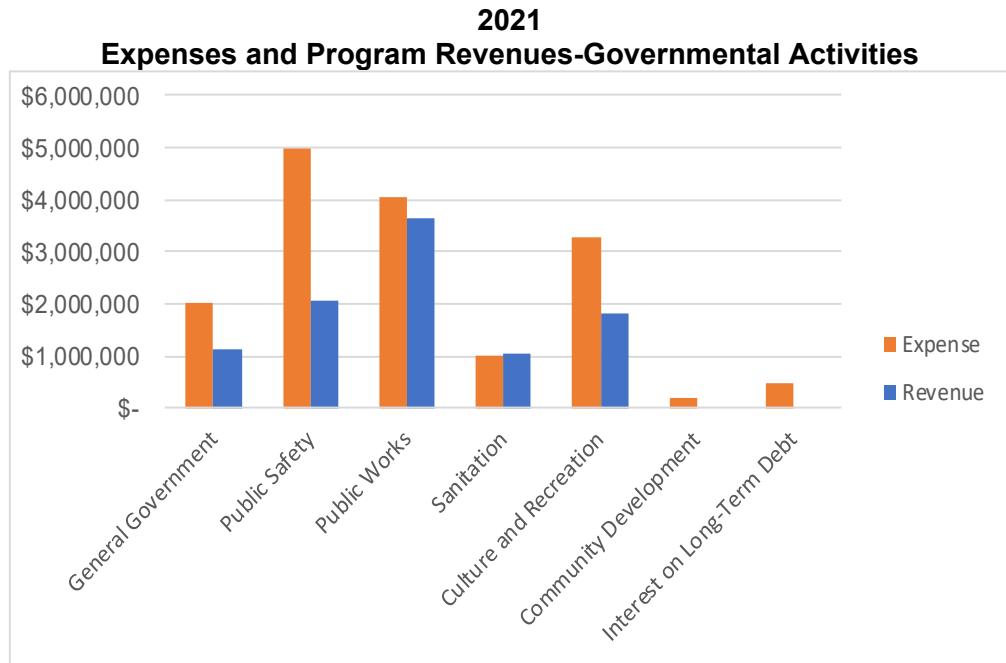
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program Revenues:						
Fees, Charges, Fines, and Other	\$ 6,182,182	\$ 4,625,004	\$ 34,162,463	\$ 31,222,501	\$ 40,344,645	\$ 35,847,505
Operating Grants and Contributions	398,819	1,914,315	1,158,460	178,237	1,557,279	2,092,552
Capital Grants and Contributions	3,075,459	2,323,299	301,631	1,381,239	3,377,090	3,704,538
General Revenues:						
Property Taxes	8,261,145	8,000,386	951,529	738,533	9,212,674	8,738,919
Tax Increments	134,531	104,846	-	-	134,531	104,846
Other Taxes	2,435	1,931	-	-	2,435	1,931
Grants and Contributions, Not Restricted	1,235,155	1,005,846	-	-	1,235,155	1,005,846
Unrestricted Investment Earnings	10,652	126,533	10,193	26,617	20,845	153,150
Gain on Disposal of Capital Assets	228,349	14,803	4,048	12,763	232,397	27,566
Miscellaneous	39,216	105,263	391,247	278,861	430,463	384,124
Total Revenues	19,567,943	18,222,226	36,979,571	33,838,751	56,547,514	52,060,977
EXPENSES						
General Government	2,015,409	1,849,830	-	-	2,015,409	1,849,830
Public Safety	4,985,280	5,691,705	-	-	4,985,280	5,691,705
Public Works	4,025,170	4,249,987	-	-	4,025,170	4,249,987
Culture and Recreation	3,252,781	3,277,492	-	-	3,252,781	3,277,492
Sanitation	990,076	945,299	-	-	990,076	945,299
Community Development	204,050	661,033	-	-	204,050	661,033
Interest on Long-Term Debt	456,266	928,355	-	-	456,266	928,355
Electric	-	-	14,946,495	13,493,745	14,946,495	13,493,745
Water	-	-	3,240,860	3,330,399	3,240,860	3,330,399
Sewer	-	-	4,279,897	4,402,631	4,279,897	4,402,631
Liquor Store	-	-	6,253,792	6,216,700	6,253,792	6,216,700
Golf Course	-	-	1,208,759	1,477,938	1,208,759	1,477,938
Total Expenses	15,929,032	17,603,701	29,929,803	28,921,413	45,858,835	46,525,114
Change in Net Position Before Transfers	3,638,911	618,525	7,049,768	4,917,338	10,688,679	5,535,863
Transfers	1,406,467	1,475,000	(1,406,467)	(1,475,000)	-	-
CHANGE IN NET POSITION						
	5,045,378	2,093,525	5,643,301	3,442,338	10,688,679	5,535,863
Net Position - Beginning of Year	36,266,919	34,173,394	24,916,853	21,474,515	61,183,772	55,647,909
NET POSITION - END OF YEAR	\$ 41,312,297	\$ 36,266,919	\$ 30,560,154	\$ 24,916,853	\$ 71,872,451	\$ 61,183,772

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

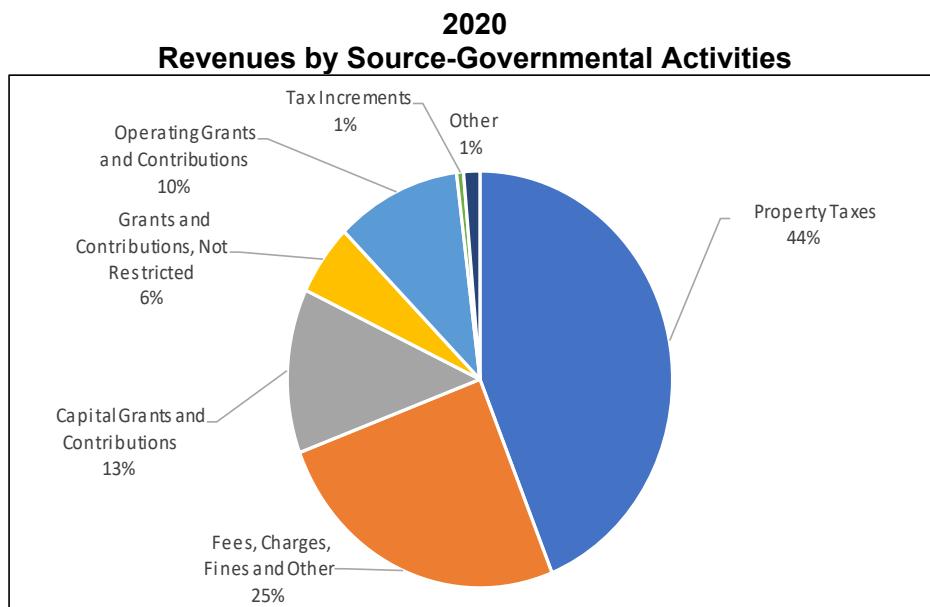
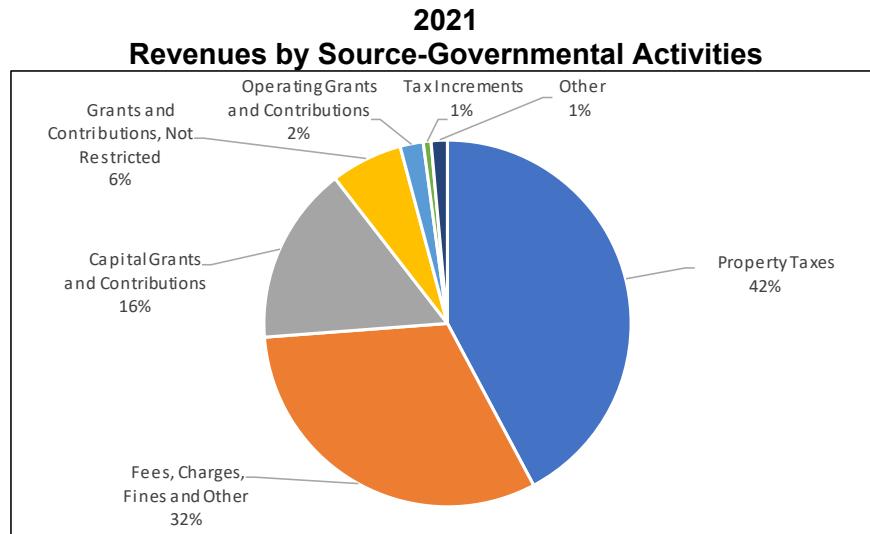
Below are specific graphs that provide comparisons of the governmental activities' direct program revenues with their expenditures. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.



**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

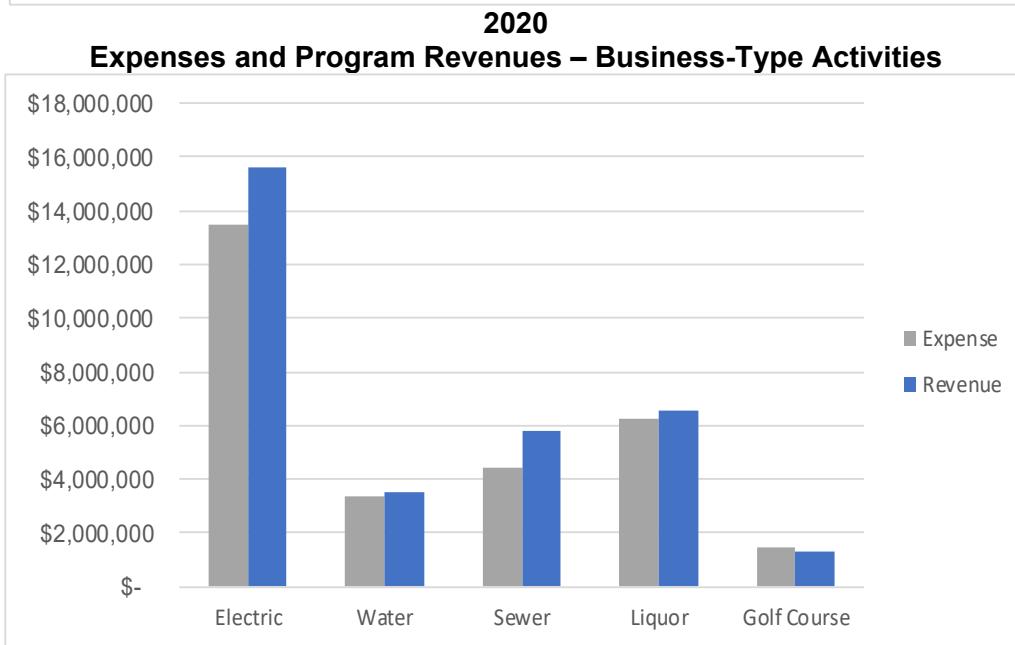
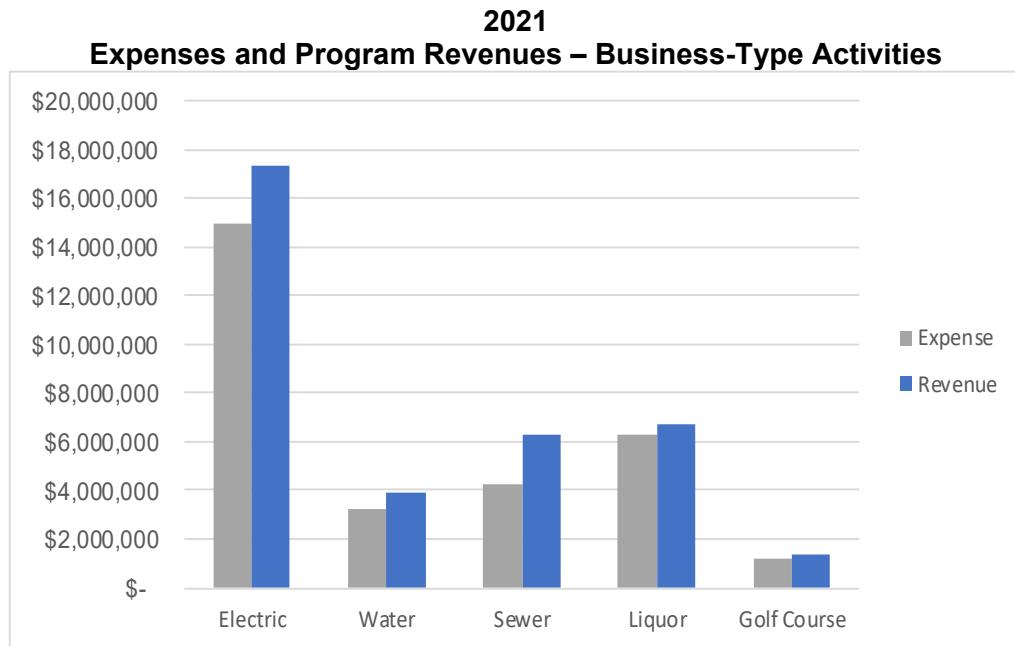


**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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.



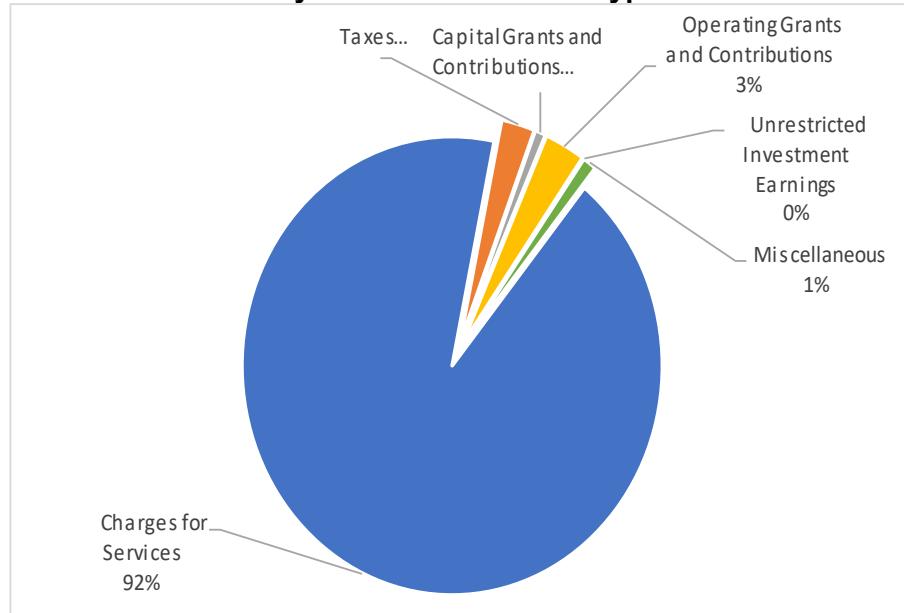
Note: Other income amounts for developer installed utilities and contributed capital from other funds are not included in program revenues in the above graphs.

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

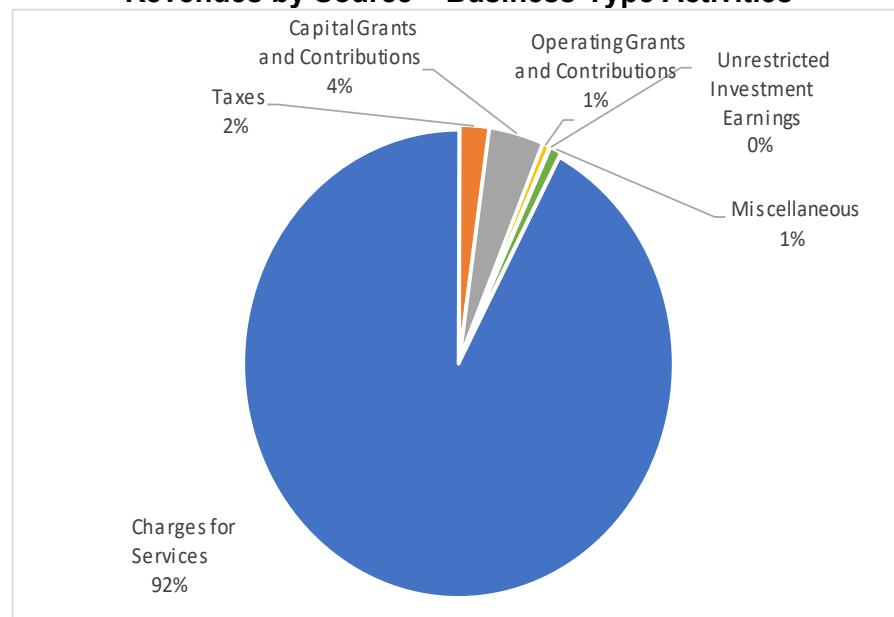
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

**2021
Revenues by Source – Business-Type Activities**



**2020
Revenues by Source – Business-Type Activities**



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, 2021**

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 \$11,860,997, a decrease of \$4,140,689 in comparison with 2020. The City reported deficit unassigned fund balance in the amount of \$412,492. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending. At December 31, 2021 fund balances were as follows:

	<u>Balance</u>	<u>Increase (Decrease) from 2020</u>
General Fund	\$ 5,760,976	\$ 192,936
Debt Service Fund	5,674,619	(1,521,933)
Capital Project Fund	2,691,314	(3,326,552)
HRA Debt Service Fund	(1,491,804)	151,655
Other Governmental Funds	(774,108)	363,205
Total	<u>\$ 11,860,997</u>	<u>\$ (4,140,689)</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 \$3,364,018.

During the current fiscal year, the City's general fund balance increased by \$192,936. The increase was a result of revenues and proceeds from sale of capital assets exceeding expenditures. Fund balance increased due to an increase in proceeds from sale of capital assets of \$228,349.

Debt Service

The decrease in the Debt Service Fund balance of \$1,521,933 was the result of debt payments in excess of revenues. The City issued General Obligation Refunding Bonds, Series 2020B to refund the 2020 through 2024 maturities of the 2011A Bonds. The 2022-2024 maturities were redeemed on February 1, 2021.

Capital Project

The Capital Projects Fund balance decreased \$3,326,552 as a result of expenditures exceeding transfers from the General Fund and other financing sources. 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, 2021**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Governmental Funds (Continued)

HRA Debt Service

The HRA Debt Service Fund balance increased \$151,655 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 2021 was \$22,261,326 of which \$7,622,450 is unrestricted. Net position increased \$1,501,874 during the current year primarily due to increase in electric sales.

The Water and Sewer Fund has total net position of \$13,096,243. It has an unrestricted net position of \$4,696,393. The increase in net position of \$3,361,224 from 2020 was an increase in water and sewer sales and access fees.

The Liquor Fund has total net position of \$1,802,710 of which \$444,139 is unrestricted. Net position increased by \$51,964 from 2020. The net position increase is due to an increase in sales and a decrease in costs of sales and services.

The City purchased Wild Marsh Golf Course in May 2004. Wild Marsh has total net position of (\$6,612,233) and unrestricted net position of (\$6,384,265) primarily due to operating losses incurred in the 17½ years of operations.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues were \$180,361 over budget due mainly to an increase in intergovernmental and charges for services revenues. Expenditures came in under the budgeted amounts by \$2,846.

This resulted in a net fund balance increase of \$183,207 compared to budget for the fiscal year. Refer to pages 99-102 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, 2021, amounts to \$142,464,328 (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 \$3,296,142 when compared to 2020. This increase is a result of current year capital asset additions.

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

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

- \$7.75 million increase in governmental activities construction in progress mainly due to the downtown fire station and Douglas Drive reconstruction projects.
- \$424,980 increase in business-type activities construction in progress mainly due to the WTP filter media and WWTP pretreatment building improvement projects.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,807,439	\$ 2,807,439	\$ 7,305,500	\$ 6,959,751	\$ 10,112,939	\$ 9,767,190
Land Improvements	8,210,231	8,489,455	1,783,220	1,858,541	9,993,451	10,347,996
Buildings and Building Improvements	7,914,401	8,415,521	28,470,577	29,513,917	36,384,978	37,929,438
Improvements Other than Building	1,266,418	1,333,844	-	-	1,266,418	1,333,844
Vehicle	1,784,548	1,775,288	-	-	1,784,548	1,775,288
Equipment	1,658,919	1,673,106	3,334,201	3,445,568	4,993,120	5,118,674
Infrastructure	19,142,421	21,143,068	-	-	19,142,421	21,143,068
Utility Distribution Systems	-	-	43,290,143	44,429,304	43,290,143	44,429,304
Construction in Progress	14,972,231	7,224,285	524,079	99,099	15,496,310	7,323,384
Total	<u>\$ 57,756,608</u>	<u>\$ 52,862,006</u>	<u>\$ 84,707,720</u>	<u>\$ 86,306,180</u>	<u>\$ 142,464,328</u>	<u>\$ 139,168,186</u>

Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$82,919,998. Of this amount, \$24,110,000 comprises tax supported debt, \$5,095,000 is tax abatement debt, and \$53,714,998 is revenue supported debt. All outstanding debt carries the general obligation backing for which the City is liable in the event of default by the property owners subject to the specific taxes, special assessments, or revenues pledged to the retirement of the debt.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
G.O. Tax Supported Debt	\$ 21,113,400	\$ 25,323,400	\$ 2,996,600	\$ 3,361,600	\$ 24,110,000	\$ 28,685,000
G.O. Tax Abatement Debt	2,555,000	2,655,000	2,540,000	2,695,000	5,095,000	5,350,000
G.O. Revenue Debt	46,815	61,771	53,668,183	57,838,226	53,714,998	57,899,997
Total	<u>\$ 23,715,215</u>	<u>\$ 28,040,171</u>	<u>\$ 59,204,783</u>	<u>\$ 63,894,826</u>	<u>\$ 82,919,998</u>	<u>\$ 91,934,997</u>

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt (Continued)

The City's total bonded debt decreased by \$9,014,999 or (9.8%) during the current fiscal year. There was one new bond issued in the current fiscal year, a \$2,260,000 General Obligation Sewer and Water Revenue 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 2.5% 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 \$60,280,845 being issued in 2021. New construction accounts for \$29,458,170 and additions/remodels make up the remaining \$30,822,675 balance. In 2021, the City issued 78 new housing permits compared to 85 in 2020. 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 \$300,745 compared to \$269,089 in 2020.
- * Local Government Aid increased from \$981,133 in 2020 to \$1,056,858 in 2021 and is expected to increase an additional \$29,015 in 2022 to \$1,085,873. 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 2023 has not yet been finalized.
- * The City continued to make improvements to infrastructure in 2021:
 - Mill & overlay street maintenance was completed as part of a pavement management program.
 - Construction work was underway on the new fire station in downtown. The fire station will be complete in early 2022.
 - Work continued 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 and continued through 2021 for two areas within the City (SE Area Phase III & Douglas Drive), with expected completion in 2022.

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, 2021
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	2021			2020
	Governmental Activities	Business-Type Activities	Total	Total
ASSETS				
Cash and Investments	\$ 13,124,708	\$ 4,702,392	\$ 17,827,100	\$ 20,133,034
Cash with Fiscal Agent	-	827,000	827,000	922,500
Taxes Receivable	82,287	6,853	89,140	75,123
Special Assessments Receivable	957,082	-	957,082	601,783
Accounts Receivable	589,689	4,220,532	4,810,221	4,529,988
Due from Other Governments	475,170	24,419	499,589	1,326,519
Accrued Interest Receivable	33	9	42	499
Internal Balances	(163,103)	163,103	-	-
Inventory	9,635	2,297,258	2,306,893	2,158,012
Prepaid Items	103,234	42,159	145,393	197,916
Hook-up Fees Receivable - Noncurrent	-	42,794	42,794	70,167
Loans Receivable	12,198	-	12,198	15,106
Land Held for Resale	214,400	-	214,400	215,600
Net Pension Asset	651,305	-	651,305	546,201
Capital Assets:				
Land and Construction in Progress	17,779,670	7,829,579	25,609,249	17,090,574
Other Capital Assets, Net of Depreciation	39,976,938	76,878,141	116,855,079	122,077,612
Total Assets	<u>73,813,246</u>	<u>97,034,239</u>	<u>170,847,485</u>	<u>169,960,634</u>
DEFERRED OUTFLOWS OF RESOURCES				
Refunding Loss on Bonds	9,465	114,702	124,167	164,641
Pension Related	2,805,935	1,493,683	4,299,618	1,601,498
Other Postemployment Benefits Related	21,786	16,883	38,669	31,608
Total Deferred Outflows of Resources	<u>2,837,186</u>	<u>1,625,268</u>	<u>4,462,454</u>	<u>1,797,747</u>
LIABILITIES				
LIABILITIES				
Accounts and Contracts Payable	1,613,687	1,320,131	2,933,818	2,953,497
Other Accrued Liabilities	125,860	179,634	305,494	276,807
Accrued Interest Payable	295,764	465,657	761,421	903,768
Due to Other Governmental Units	56,401	9,654	66,055	23,177
Escrow Deposits	552,285	8,775	561,060	327,368
Unearned Revenue	4,050	768,145	772,195	36,513
Noncurrent Liabilities Due Within One Year:				
Other Postemployment Benefits Liability	16,464	12,760	29,224	20,275
Long-Term Debt	3,440,316	5,805,803	9,246,119	10,328,917
Noncurrent Liabilities Due in More Than One Year:				
Net Pension Liability	2,103,869	1,930,158	4,034,027	5,861,596
Other Postemployment Benefits Liability	372,903	254,982	627,885	582,941
Long-Term Debt	23,167,457	55,544,141	78,711,598	87,831,609
Total Liabilities	<u>31,749,056</u>	<u>66,299,840</u>	<u>98,048,896</u>	<u>109,146,468</u>
DEFERRED INFLOWS OF RESOURCES				
Refunding Gain on Bonds	10,637	10,876	21,513	29,393
Pension Related	3,566,030	1,779,018	5,345,048	1,372,310
Other Postemployment Benefits Related	12,412	9,619	22,031	26,438
Total Deferred Inflows of Resources	<u>3,589,079</u>	<u>1,799,513</u>	<u>5,388,592</u>	<u>1,428,141</u>
NET POSITION				
Net Investment in Capital Assets	32,405,054	24,169,329	56,574,383	49,995,335
Restricted for:				
Debt Service	5,959,006	-	5,959,006	4,805,868
Transportation	1,262,492	-	1,262,492	1,063,776
Fire Relief Pension	651,305	-	651,305	546,201
Unrestricted	1,034,440	6,390,825	7,425,265	4,772,592
Total Net Position	<u>\$ 41,312,297</u>	<u>\$ 30,560,154</u>	<u>\$ 71,872,451</u>	<u>\$ 61,183,772</u>

See accompanying Notes to Financial Statements.

CITY OF BUFFALO, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)

Functions/Programs	2021			
	Expenses	Program Revenues		
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 2,015,409	\$ 1,130,179	\$ -	\$ -
Public Safety	4,985,280	1,837,408	204,742	14,156
Public Works	4,025,170	895,129	32,215	2,698,097
Sanitation	990,076	1,052,378	-	-
Culture and Recreation	3,252,781	1,267,088	161,862	363,206
Community Development	204,050	-	-	-
Interest on Long-Term Debt	456,266	-	-	-
Total Governmental Activities	<u>15,929,032</u>	<u>6,182,182</u>	<u>398,819</u>	<u>3,075,459</u>
Business-Type Activities:				
Electric	14,946,495	17,196,019	156,259	-
Water	3,240,860	3,562,152	192,511	140,000
Sewer	4,279,897	5,313,402	809,690	161,631
Liquor	6,253,792	6,758,008	-	-
Golf Course	1,208,759	1,332,882	-	-
Total Business-Type Activities	<u>29,929,803</u>	<u>34,162,463</u>	<u>1,158,460</u>	<u>301,631</u>
Total	<u><u>\$ 45,858,835</u></u>	<u><u>\$ 40,344,645</u></u>	<u><u>\$ 1,557,279</u></u>	<u><u>\$ 3,377,090</u></u>

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

NET POSITION - END OF YEAR

CITY OF BUFFALO, MINNESOTA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)

2021			2020	
Net (Expense) Revenue and Changes in Net Position		Total	2020	
Governmental Activities	Business-Type Activities	Total	Total	
\$	\$	\$	\$	\$
(885,230)	-	(885,230)	(797,204)	
(2,928,974)	-	(2,928,974)	(3,116,170)	
(399,729)	-	(399,729)	(2,022,516)	
62,302	-	62,302	33,237	
(1,460,625)	-	(1,460,625)	(1,927,597)	
(204,050)	-	(204,050)	17,522	
(456,266)	-	(456,266)	(928,355)	
<u>(6,272,572)</u>	<u>-</u>	<u>(6,272,572)</u>	<u>(8,741,083)</u>	
-	2,405,783	2,405,783	2,085,798	
-	653,803	653,803	194,402	
-	2,004,826	2,004,826	1,406,166	
-	504,216	504,216	363,684	
-	124,123	124,123	(189,486)	
<u>-</u>	<u>5,692,751</u>	<u>5,692,751</u>	<u>3,860,564</u>	
 (6,272,572)	 5,692,751	 (579,821)	 (4,880,519)	
8,261,145	951,529	9,212,674	8,738,919	
134,531	-	134,531	104,846	
2,435	-	2,435	1,931	
1,235,155	-	1,235,155	1,005,846	
10,652	10,193	20,845	153,150	
-	88,657	88,657	39,343	
228,349	4,048	232,397	27,566	
39,216	302,590	341,806	344,781	
<u>1,406,467</u>	<u>(1,406,467)</u>	<u>-</u>	<u>-</u>	
<u>11,317,950</u>	<u>(49,450)</u>	<u>11,268,500</u>	<u>10,416,382</u>	
5,045,378	5,643,301	10,688,679	5,535,863	
<u>36,266,919</u>	<u>24,916,853</u>	<u>61,183,772</u>	<u>55,647,909</u>	
<u>\$ 41,312,297</u>	<u>\$ 30,560,154</u>	<u>\$ 71,872,451</u>	<u>\$ 61,183,772</u>	

See accompanying Notes to Financial Statements.

CITY OF BUFFALO, MINNESOTA
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	2021			
	General Fund	Debt Service Fund	Capital Project Fund	HRA Debt Service Fund
ASSETS				
Cash and Investments	\$ 3,977,104	\$ 4,303,402	\$ 3,598,494	\$ 9,191
Taxes Receivable				
Delinquent	51,801	26,827	-	-
Special Assessments Receivable:				
Delinquent	4,999	-	-	-
Noncurrent	23,759	553,324	375,000	-
Accounts Receivable	518,643	-	8,472	-
Due from Other Governments	262,548	21,217	-	-
Accrued Interest Receivable	9	-	24	-
Due from Other Funds	54,712	-	-	-
Advances to Other Funds	2,338,748	1,350,000	-	-
Inventory	-	-	-	-
Prepaid Expenses	58,210	-	-	-
Loans Receivable, Net of Allowance	-	-	-	-
Land Held for Resale	-	-	-	-
 Total Assets	 \$ 7,290,533	 \$ 6,254,770	 \$ 3,981,990	 \$ 9,191
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts and Contracts Payable	\$ 544,319	\$ -	\$ 907,204	\$ -
Other Accrued Liabilities	89,565	-	-	-
Due to Other Governments	56,401	-	-	-
Advances From Other Funds	-	-	-	1,500,995
Unearned Revenue	-	-	-	-
Escrow Deposits	548,714	-	-	-
Total Liabilities	1,238,999	-	907,204	1,500,995
DEFERRED INFLOWS OF RESOURCES				
Unavailable Taxes	51,801	26,827	-	-
Unavailable Special Assessments	28,757	553,324	375,000	-
Unavailable State Aid	-	-	8,472	-
Unavailable Lease Receivables	210,000	-	-	-
Unavailable Loans and Interest Receivables	-	-	-	-
Total Deferred Inflows of Resources	290,558	580,151	383,472	-
FUND BALANCES (DEFICITS)				
Nonspendable	2,396,958	-	-	-
Restricted	-	5,674,619	2,114,715	-
Committed	-	-	576,599	-
Unassigned	3,364,018	-	-	(1,491,804)
Total Fund Balances (Deficits)	5,760,976	5,674,619	2,691,314	(1,491,804)
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$ 7,290,533	 \$ 6,254,770	 \$ 3,981,990	 \$ 9,191

See accompanying Notes to Financial Statements.

CITY OF BUFFALO, MINNESOTA
GOVERNMENTAL FUNDS
BALANCE SHEET (CONTINUED)
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

2021		2020	
Other Governmental Funds	Total Governmental Funds	Total Governmental Funds	
\$ 1,236,517	\$ 13,124,708	\$ 17,029,343	
3,659	82,287	69,249	
-	4,999	-	
-	952,083	601,783	
62,515	589,630	672,943	
191,405	475,170	1,315,450	
-	33	437	
-	54,712	106,855	
-	3,688,748	3,891,328	
9,635	9,635	13,490	
4,405	62,615	71,754	
12,198	12,198	15,106	
<u>214,400</u>	<u>214,400</u>	<u>215,600</u>	
<u>\$ 1,734,734</u>	<u>\$ 19,271,218</u>	<u>\$ 24,003,338</u>	
\$ 112,003	\$ 1,563,526	\$ 1,412,928	
34,613	124,178	85,590	
-	56,401	8,023	
2,338,748	3,839,743	4,085,040	
4,050	4,050	800	
<u>3,571</u>	<u>552,285</u>	<u>327,368</u>	
<u>2,492,985</u>	<u>6,140,183</u>	<u>5,919,749</u>	
3,659	82,287	69,249	
-	957,081	618,749	
-	8,472	1,063,799	
-	210,000	315,000	
<u>12,198</u>	<u>12,198</u>	<u>15,106</u>	
<u>15,857</u>	<u>1,270,038</u>	<u>2,081,903</u>	
14,040	2,410,998	2,527,772	
-	7,789,334	11,659,583	
1,496,558	2,073,157	2,839,486	
<u>(2,284,706)</u>	<u>(412,492)</u>	<u>(1,025,155)</u>	
<u>(774,108)</u>	<u>11,860,997</u>	<u>16,001,686</u>	
<u>\$ 1,734,734</u>	<u>\$ 19,271,218</u>	<u>\$ 24,003,338</u>	

See accompanying Notes to Financial Statements.

CITY OF BUFFALO, MINNESOTA
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION — GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
Total Fund Balance for Governmental Funds	\$ 11,860,997	\$ 16,001,686
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	2,807,439
Construction in Progress	14,972,231	7,224,285
Land Improvements	17,596,760	17,193,782
Buildings and Improvements	17,475,579	17,440,921
Improvements Other than Buildings	3,704,397	3,627,068
Vehicles	4,799,460	4,550,668
Equipment	6,007,842	6,094,396
Infrastructure	85,322,740	85,252,005
Less: Accumulated Depreciation	(95,145,534)	(91,536,512)
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	651,305	546,201
Net Pension Liability	(2,041,606)	(3,100,507)
Deferred Inflows of Resources - Pension Related	(3,508,642)	(1,247,925)
Deferred Outflows of Resources - Pension Related	2,757,752	1,131,074
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	(388,060)	(358,303)
Deferred Inflows of Resources - OPEB Related	(12,165)	(14,588)
Deferred Outflows of Resources - OPEB Related	21,352	17,441
Some of the City's property taxes, special assessments, and other receivables will be collected after year-end, but are not available soon enough to pay for the current-period's expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.	1,270,038	2,081,903
The loss on refunding is reported as a deferred outflow on the statement of net position and amortized over the life of the bonds.	9,465	12,621
The gain on refunding is reported as a deferred inflow on the statement of net position and amortized over the life of the bonds.	(10,637)	(14,036)
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.	(295,764)	(355,597)
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.	44,985	(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	(23,715,215)	(28,040,171)
Unamortized Bond Premiums	(1,005,886)	(1,335,851)
Obligations Under Capital Leases	(1,356,813)	(1,209,478)
Compensated Absences Payable	(509,723)	(479,144)
Total Net Position of Governmental Activities	<u><u>\$ 41,312,297</u></u>	<u><u>\$ 36,266,919</u></u>

See accompanying Notes to Financial Statements.

CITY OF BUFFALO, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)

	2021			
	General Fund	Debt Service Fund	Capital Project Fund	HRA Debt Service Fund
REVENUES				
General Property Taxes	\$ 4,963,569	\$ 2,877,063	\$ -	\$ -
Tax Increments	-	-	-	-
Other Taxes	2,435	-	-	-
Licenses and Permits	543,102	-	-	-
Intergovernmental	1,459,898	-	3,089,943	-
Special Assessments	5,508	24,539	-	-
Charges for Services	1,768,407	-	185,471	-
Fines and Forfeits	45,751	-	-	-
Investment Earnings (Loss)	5,043	2,629	3,486	(804)
Refunds and Reimbursements	228,388	-	120,000	-
Grants and Contributions	38,790	-	115,590	-
Miscellaneous	5,549	1,222	-	-
Total Revenues	<u>9,066,440</u>	<u>2,905,453</u>	<u>3,514,490</u>	<u>(804)</u>
EXPENDITURES				
Current:				
General Government	1,496,297	-	-	-
Public Safety	3,738,146	-	-	-
Public Works	1,426,471	-	-	-
Sanitation	989,178	-	-	-
Culture and Recreation	1,378,243	-	-	-
Community Development	-	-	-	2,000
Capital Outlay:				
General Government	39,799	-	-	-
Public Safety	585	-	5,416,743	-
Public Works	-	-	2,872,242	-
Culture and Recreation	51,742	-	115,961	-
Debt Service:				
Capital Lease:				
Principal	215,045	-	-	-
Interest and Fiscal Charges	12,952	-	-	-
Bonds and Loans:				
Principal	-	2,319,956	-	-
Interest and Fiscal Charges	-	818,948	-	475
Total Expenditures	<u>9,348,458</u>	<u>3,138,904</u>	<u>8,404,946</u>	<u>2,475</u>
REVENUE OVER (UNDER) EXPENDITURES	(282,018)	(233,451)	(4,890,456)	(3,279)
OTHER FINANCING SOURCES (USES)				
Transfer In	1,400,000	716,518	536,403	195,244
Transfer Out	(1,153,395)	-	(277,749)	(40,310)
Issuance of Bonds	-	-	-	-
Proceeds from Sale of Capital Assets	228,349	-	-	-
Insurance Proceeds	-	-	764,600	-
Initiation of Capital Lease	-	-	540,650	-
Issuance of Refunding Bonds	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	(2,005,000)	-	-
Bond Premium	-	-	-	-
Total Other Financing Sources	<u>474,954</u>	<u>(1,288,482)</u>	<u>1,563,904</u>	<u>154,934</u>
NET CHANGE IN FUND BALANCES	192,936	(1,521,933)	(3,326,552)	151,655
Fund Balances (Deficit) - Beginning of Year	<u>5,568,040</u>	<u>7,196,552</u>	<u>6,017,866</u>	<u>(1,643,459)</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 5,760,976</u>	<u>\$ 5,674,619</u>	<u>\$ 2,691,314</u>	<u>\$ (1,491,804)</u>

See accompanying Notes to Financial Statements.

CITY OF BUFFALO, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)

2021		2020	
Other Governmental Funds	Total Governmental Funds	Total Governmental Funds	
\$ 367,390	\$ 8,208,022	\$ 7,999,526	
174,617	174,617	104,846	
-	2,435	1,931	
-	543,102	458,071	
584,830	5,134,671	3,349,981	
-	30,047	130,253	
1,606,312	3,560,190	3,062,814	
-	45,751	39,538	
(1,349)	9,005	124,973	
25,699	374,087	1,739,379	
54,877	209,257	135,344	
520	7,291	54,040	
2,812,896	18,298,475	17,200,696	
-	1,496,297	1,562,710	
653,484	4,391,630	4,381,063	
-	1,426,471	1,425,410	
-	989,178	945,738	
1,055,619	2,433,862	2,404,218	
201,245	203,245	660,560	
-	39,799	85,709	
12,120	5,429,448	340,192	
-	2,872,242	5,261,890	
360,778	528,481	1,814,012	
178,270	393,315	353,517	
17,931	30,883	40,054	
-	2,319,956	3,949,980	
-	819,423	1,008,326	
2,479,447	23,374,230	24,233,379	
333,449	(5,075,755)	(7,032,683)	
225,000	3,073,165	3,148,464	
(195,244)	(1,666,698)	(1,673,464)	
-	-	6,278,400	
-	228,349	112,003	
-	764,600	-	
-	540,650	305,585	
-	-	1,340,000	
-	(2,005,000)	(1,340,000)	
-	-	312,678	
29,756	935,066	8,483,666	
363,205	(4,140,689)	1,450,983	
(1,137,313)	16,001,686	14,550,703	
\$ (774,108)	\$ 11,860,997	\$ 16,001,686	

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, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
Net Change in Fund Balances-Total Governmental Funds	\$ (4,140,689)	\$ 1,450,983
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	8,901,364	5,661,250
Disposal of Capital Assets	-	(19,798)
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	(4,014,502)	(4,001,706)
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	(540,650)	(305,585)
Principal Payments for Capital Leases	393,315	353,517
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)
Payment to Refunded Bond	2,005,000	1,340,000
Bond Discount/Premium	-	(312,678)
Repayment of Bond Principal and Note Payable	2,319,956	3,949,980
Change in Accrued Interest Expense for General Obligation Bonds	59,833	14,774
Amortization of Refunding Loss on Bonds	(3,156)	(5,048)
Amortization of Refunding Gain on Bonds	3,399	(1,267)
Amortization of Bond Premium	329,965	136,226
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.	(811,865)	446,713
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.	529,966	(27,295)
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.	(23,423)	(29,155)
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).	(30,579)	(25,435)
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.	67,444	(22,459)
Change in Net Position of Governmental Activities	<u><u>\$ 5,045,378</u></u>	<u><u>\$ 2,093,525</u></u>

See accompanying Notes to Financial Statements.

CITY OF BUFFALO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	2021	
	Electric	Water and Sewer
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,299,197	\$ 3,086,281
Cash and Investments with Fiscal Agent	827,000	-
Accounts Receivable, Net of Allowance	2,721,278	1,495,372
Accrued Interest Receivable	9	-
Taxes Receivable:		
Delinquent	-	4,583
Due from Other Governments	17,093	4,093
Inventory	1,420,550	8,335
Prepaid Expenses	18,068	13,755
Total Current Assets	6,303,195	4,612,419
LONG-TERM ASSETS		
Sewer and Water Hook-up Fees Receivable - Long-Term	-	42,794
Advance to Other Funds	3,795,670	2,484,992
Capital Assets:		
Land, Buildings, Infrastructure, and Improvements	35,365,123	102,620,441
Equipment	8,429,013	2,031,353
Construction in Progress	-	524,079
Total Capital Assets	43,794,136	105,175,873
Less: Allowance for Depreciation	(23,245,334)	(45,278,932)
Total Net Capital Assets	20,548,802	59,896,941
Total Long-Term Assets	24,344,472	62,424,727
Total Assets	30,647,667	67,037,146
DEFERRED OUTFLOWS OF RESOURCES		
Refunding Loss on Bonds	-	44,558
Pension Related	505,925	578,200
Other Postemployment Benefits Related	6,837	5,069
Total Deferred Outflows of Resources	512,762	627,827

See accompanying Notes to Financial Statements.

CITY OF BUFFALO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

Liquor	2021		2020		2021	
	Golf Course	Total	Total		Internal Service Fund	
\$ 316,914	\$ -	\$ 4,702,392	\$ 3,103,691	\$ -		
-	-	827,000	922,500		-	
-	3,882	4,220,532	3,856,580	59		
-	-	9	62		-	
247	2,023	6,853	5,874		-	
-	3,233	24,419	11,069		-	
853,200	15,173	2,297,258	2,144,522		-	
<u>8,506</u>	<u>1,830</u>	<u>42,159</u>	<u>122,347</u>	<u>40,619</u>		
<u>1,178,867</u>	<u>26,141</u>	<u>12,120,622</u>	<u>10,166,645</u>	<u>40,678</u>		
-	-	42,794	70,167		-	
-	-	6,280,662	6,729,907		-	
2,036,817	3,921,937	143,944,318	142,832,421	30,917		
525,336	1,209,290	12,194,992	11,521,253	855,200		
-	-	524,079	99,099		-	
<u>2,562,153</u>	<u>5,131,227</u>	<u>156,663,389</u>	<u>154,452,773</u>	<u>886,117</u>		
<u>(1,197,568)</u>	<u>(2,233,835)</u>	<u>(71,955,669)</u>	<u>(68,146,593)</u>	<u>(670,423)</u>		
<u>1,364,585</u>	<u>2,897,392</u>	<u>84,707,720</u>	<u>86,306,180</u>	<u>215,694</u>		
<u>1,364,585</u>	<u>2,897,392</u>	<u>91,031,176</u>	<u>93,106,254</u>	<u>215,694</u>		
2,543,452	2,923,533	103,151,798	103,272,899	256,372		
-	70,144	114,702	152,020		-	
289,100	120,458	1,493,683	455,490	48,183		
2,968	2,009	16,883	13,812	434		
<u>292,068</u>	<u>192,611</u>	<u>1,625,268</u>	<u>621,322</u>	<u>48,617</u>		

See accompanying Notes to Financial Statements.

CITY OF BUFFALO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	2021	
	Electric	Water and Sewer
LIABILITIES		
CURRENT LIABILITIES		
Accounts and Contracts Payable	\$ 1,015,924	\$ 167,161
Accrued Expenses	73,018	22,403
Due to Other Governments	5,951	-
Due to Other Funds	-	-
Accrued Interest	70,768	383,838
Unearned Revenue	2,058	736,779
Compensated Absences - Current Portion	71,080	121,780
Capital Lease Obligation - Current Portion	53,830	22,396
Loans Payable - Current Portion	-	-
Bonds Payable - Current Portion	1,420,000	3,748,119
Other Postemployment Benefits Liability	5,167	3,831
Total Current Liabilities	2,717,796	5,206,307
LONG-TERM LIABILITIES		
Escrow Deposits	-	8,775
Advance From Other Funds	-	-
Compensated Absences - Long-Term	71,544	52,411
Capital Lease Obligation - Long-Term	-	-
Loans Payable - Long-Term	-	-
Bonds Payable - Long-Term	4,735,605	47,777,633
Net Pension Liability	653,763	747,158
Other Postemployment Benefits Liability	113,928	74,031
Total Long-Term Liabilities	5,574,840	48,660,008
Total Liabilities	8,292,636	53,866,315
DEFERRED INFLOWS OF RESOURCES		
Refunding Gain on Bonds	-	10,876
Pension Related	602,571	688,652
Other Postemployment Benefits Related	3,896	2,887
Total Deferred Inflows of Resources	606,467	702,415
NET POSITION		
Net Investment in Capital Assets	14,638,876	8,399,850
Unrestricted	7,622,450	4,696,393
Total Net Position	\$ 22,261,326	\$ 13,096,243

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

CITY OF BUFFALO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

Liquor	2021		2020		2021	
	Golf Course	Total	Total		Internal Service Fund	
\$ 100,374	\$ 36,672	\$ 1,320,131	\$ 1,495,705	\$ 50,161		
84,213	-	179,634	189,640	1,682		
3,504	199	9,654	15,154	-		
-	-	-	-	54,712		
-	11,051	465,657	548,171	-		
-	29,308	768,145	35,713	-		
33,150	-	226,010	233,836	16,736		
6,014	62,825	145,065	328,800	-		
-	111,609	111,609	108,259	-		
-	155,000	5,323,119	4,700,044	-		
2,244	1,518	12,760	8,860	328		
<u>229,499</u>	<u>408,182</u>	<u>8,561,784</u>	<u>7,664,182</u>	<u>123,619</u>		
-	-	8,775	-	-		
-	6,129,667	6,129,667	6,536,195	-		
40,878	-	164,833	184,971	3,400		
-	151,200	151,200	296,217	-		
-	314,790	314,790	426,399	-		
-	2,400,080	54,913,318	60,799,409	-		
373,579	155,658	1,930,158	2,673,435	62,263		
42,836	24,187	254,982	235,351	979		
<u>457,293</u>	<u>9,175,582</u>	<u>63,867,723</u>	<u>71,151,977</u>	<u>66,642</u>		
686,792	9,583,764	72,429,507	78,816,159	190,261		
-	-	10,876	15,357	-		
344,326	143,469	1,779,018	120,436	57,388		
1,692	1,144	9,619	11,553	247		
<u>346,018</u>	<u>144,613</u>	<u>1,799,513</u>	<u>147,346</u>	<u>57,635</u>		
1,358,571	(227,968)	24,169,329	21,274,431	215,694		
444,139	(6,384,265)	6,378,717	3,656,285	(158,601)		
<u>\$ 1,802,710</u>	<u>\$ (6,612,233)</u>	<u>30,548,046</u>	<u>\$ 24,930,716</u>	<u>\$ 57,093</u>		
		12,108				
		<u>\$ 30,560,154</u>				

See accompanying Notes to Financial Statements.

CITY OF BUFFALO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)

	2021	
	Electric	Water and Sewer
GROSS PROFIT AND OPERATING REVENUES		
Sales	\$ -	\$ -
Costs of Goods Sold	- -	- -
Charges for Services	17,196,019	8,875,554
Total Gross Profit and Operating Revenues	17,196,019	8,875,554
OPERATING EXPENSES		
Cost of Sales and Services	11,875,952	2,372,533
Compensation and Employee Benefits	1,325,508	1,668,934
Depreciation	1,438,388	2,226,151
Total Operating Expenses	14,639,848	6,267,618
OPERATING INCOME	2,556,171	2,607,936
OTHER INCOME (EXPENSE)		
Interest Income (Loss)	4,612	5,124
Interest Expense	(163,516)	(1,260,972)
Taxes and Special Assessments	- -	502,418
Intergovernmental Revenues	- -	161,631
Access Fees	31,500	1,091,477
Refunds and Reimbursements	69,851	- -
Miscellaneous Revenue	3,256	51,972
Insurance Recovery	- -	59,016
Gain (Loss) on Sale of Capital Assets	- -	2,622
Total Other Income (Expense)	(54,297)	613,288
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	2,501,874	3,221,224
CONTRIBUTIONS AND TRANSFERS		
Transfers In	- -	- -
Transfers Out	(1,000,000)	- -
Capital Contributions	- -	140,000
Total Contributions and Transfers	(1,000,000)	140,000
CHANGE IN NET POSITION	1,501,874	3,361,224
Net Position - Beginning of Year	20,759,452	9,735,019
NET POSITION - END OF YEAR	\$ 22,261,326	\$ 13,096,243
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, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)

Liquor	2021		2020		2021 Internal Service Fund
	Golf Course	Total	Total		
\$ 6,758,008 (4,895,586)	\$ 87,385 (62,135)	\$ 6,845,393 (4,957,721)	\$ 6,650,778 (4,884,456)	\$ - -	
-	1,245,497	27,317,070	24,571,723	1,029,183	
<u>1,862,422</u>	<u>1,270,747</u>	<u>29,204,742</u>	<u>26,338,045</u>	<u>1,029,183</u>	
467,767	483,426	15,199,678	13,817,885	714,378	
837,827	435,763	4,268,032	4,227,887	147,964	
55,499	135,140	3,855,178	3,740,057	76,091	
<u>1,361,093</u>	<u>1,054,329</u>	<u>23,322,888</u>	<u>21,785,829</u>	<u>938,433</u>	
501,329	216,418	5,881,854	4,552,216	90,750	
457 (427)	- (93,979)	10,193 (1,518,894)	11,809 (2,053,860)	(90) -	
-	449,111	951,529	738,533	-	
-	-	161,631	9,176	-	
-	-	1,122,977	818,583	-	
-	7,544	77,395	135,818	2,755	
50,605	29,641	135,474	47,751	-	
-	-	59,016	39,343	-	
-	-	2,622	12,763	-	
<u>50,635</u>	<u>392,317</u>	<u>1,001,943</u>	<u>(240,084)</u>	<u>2,665</u>	
551,964	608,735	6,883,797	4,312,132	93,415	
- (500,000)	93,533 -	93,533 (1,500,000)	- (1,475,000)	- -	
-	-	140,000	619,069	-	
<u>(500,000)</u>	<u>93,533</u>	<u>(1,266,467)</u>	<u>(855,931)</u>	<u>-</u>	
51,964	702,268	5,617,330	3,456,201	93,415	
<u>1,750,746</u>	<u>(7,314,501)</u>	<u>24,930,716</u>	<u>21,474,515</u>	<u>(36,322)</u>	
<u>\$ 1,802,710</u>	<u>\$ (6,612,233)</u>	<u>\$ 30,548,046</u>	<u>\$ 24,930,716</u>	<u>\$ 57,093</u>	
		25,971			
		<u>\$ 5,643,301</u>			

See accompanying Notes to Financial Statements.

CITY OF BUFFALO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)

	2021	
	Electric	Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Service Users	\$ 17,058,974	\$ 9,508,807
Cash Paid to Suppliers	(11,650,954)	(2,798,223)
Cash Paid to Employees	<u>(1,483,624)</u>	<u>(1,547,017)</u>
Net Cash Provided by Operating Activities	3,924,396	5,163,567
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund Borrowing/Transfers	(1,000,000)	-
Due To/From Other Funds	-	-
Advance To/From Other Funds	284,437	164,808
Property Tax Receipts	-	585,651
Intergovernmental Receipts	-	161,631
Net Cash Provided (Used) by Noncapital Financing Activities	(715,563)	912,090
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Issuance of Bonds	-	2,260,000
Issuance of Bond Premium	-	53,166
Issuance of Loans	-	-
Access Fees	14,407	1,039,078
Insurance Proceeds	-	59,016
Acquisition and Construction of Capital Assets	(1,212,149)	(668,729)
Interest Paid on Bonds	(188,335)	(1,906,782)
Interest Paid on Capital Lease Obligations	(3,169)	(1,337)
Initiation of Capital Lease	-	-
Principal Payments on Loans	-	-
Principal Payments on Capital Lease Obligation	(187,710)	(54,330)
Principal Payments on Bonds	<u>(1,095,000)</u>	<u>(5,700,043)</u>
Net Cash Used by Capital and Related Financing Activities	(2,671,956)	(4,919,961)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income (Loss)	4,642	5,147
Proceeds from Sale of Capital Assets	-	2,622
Net Cash Provided by Investing Activities	4,642	7,769
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents - Beginning of Year	541,519	1,163,465
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,126,197</u>	<u>\$ 3,086,281</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION		
Cash and Cash Equivalents	\$ 1,299,197	\$ 3,086,281
Cash and Investments with Fiscal Agent	827,000	-
Total Cash and Cash Equivalents	<u>\$ 2,126,197</u>	<u>\$ 3,086,281</u>
NONCASH TRANSACTIONS		
Contributed Capital	\$ -	\$ 140,000
Amortization of Premiums and Refunding Loss	(15,992)	(572,665)
Total Noncash Investing, Capital, and Financing Activities	<u>\$ (15,992)</u>	<u>\$ (432,665)</u>

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)**

2021			2020		2021	
Liquor	Golf Course	Total	Total	Internal Services Fund		
\$ 6,817,285	\$ 1,359,969	\$ 34,745,035	\$ 31,546,327	\$ 1,032,344		
(5,646,510)	(497,240)	(20,592,927)	(18,942,817)		(745,885)	
(818,455)	(565,266)	(4,414,362)	(4,326,918)		(150,395)	
<u>352,320</u>	<u>297,463</u>	<u>9,737,746</u>	<u>8,276,592</u>		<u>136,064</u>	
(500,000)	93,533	(1,406,467)	(1,475,000)		-	
-	-	-	-		(52,143)	
-	(406,528)	42,717	(193,712)		-	
4	448,774	1,034,429	899,536		-	
-	(364)	161,267	8,116		-	
<u>(499,996)</u>	<u>135,415</u>	<u>(168,054)</u>	<u>(761,060)</u>		<u>(52,143)</u>	
-	-	2,260,000	1,496,600		-	
-	-	53,166	66,407		-	
-	-	-	534,658		-	
-	-	1,053,485	766,476		-	
-	-	59,016	39,343		-	
(42,384)	-	(1,923,262)	(4,150,988)		(83,831)	
(52)	(89,583)	(2,184,752)	(2,292,041)		-	
(375)	(5,077)	(9,958)	(13,231)		-	
-	-	-	226,520		-	
-	(108,259)	(108,259)	-		-	
(11,753)	(74,959)	(328,752)	(346,276)		-	
-	(155,000)	(6,950,043)	(4,421,020)		-	
<u>(54,564)</u>	<u>(432,878)</u>	<u>(8,079,359)</u>	<u>(8,093,552)</u>		<u>(83,831)</u>	
457	-	10,246	13,715		(90)	
-	-	2,622	12,763		-	
<u>457</u>	<u>-</u>	<u>12,868</u>	<u>26,478</u>		<u>(90)</u>	
(201,783)	-	1,503,201	(551,542)		-	
518,697	-	4,026,191	4,577,733		-	
<u>\$ 316,914</u>	<u>\$ -</u>	<u>\$ 5,529,392</u>	<u>\$ 4,026,191</u>		<u>\$ -</u>	
\$ 316,914	\$ -	\$ 4,702,392	\$ 3,103,691	\$ -		
-	-	827,000	922,500		-	
<u>\$ 316,914</u>	<u>\$ -</u>	<u>\$ 5,529,392</u>	<u>\$ 4,026,191</u>		<u>\$ -</u>	
\$ -	\$ -	\$ 140,000	\$ 619,069	\$ -		
-	5,261	(583,396)	(215,656)		-	
<u>\$ -</u>	<u>\$ 5,261</u>	<u>\$ (443,396)</u>	<u>\$ 403,413</u>		<u>\$ -</u>	

See accompanying Notes to Financial Statements.

CITY OF BUFFALO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)

	2021	
	Electric	Water and Sewer
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 2,556,171	\$ 2,607,936
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	1,438,388	2,226,151
Miscellaneous - Nonoperating	73,108	51,971
Changes in Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources:		
(Increase) Decrease in Accounts Receivable	(213,867)	(156,767)
(Increase) Decrease in Prepaid Items	63,208	10,852
(Increase) Decrease in Inventory	(83,367)	-
(Increase) Decrease in Deferred Outflows of Resources - Pension	(334,183)	(428,859)
Increase in Deferred Outflows of Resources - Other		
Postemployment Benefits	(1,243)	(922)
Increase (Decrease) in Accounts and Contracts Payable	243,224	(440,732)
Increase (Decrease) in Accrued Expenses	(9,232)	4,190
Increase (Decrease) in Due to Other Governments	1,933	(7,505)
Increase (Decrease) in Unearned Revenue	3,714	736,779
Increase (Decrease) in Escrow Deposits	-	8,775
Increase (Decrease) in Net Pension Liability	(354,253)	(129,378)
Increase in OPEB Liability	9,529	7,065
Increase (Decrease) in Deferred Inflows of Resources - Pension	557,161	649,165
Increase in Deferred Inflows of Resources - Other		
Postemployment Benefits	(783)	(581)
Increase (Decrease) in Accrued Compensated Absences	(25,112)	25,427
Net Cash Provided by Operating Activities	\$ 3,924,396	\$ 5,163,567

See accompanying Notes to Financial Statements.

CITY OF BUFFALO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)

Liquor	2021		2020		2021 Internal Service Fund
	Golf Course	Total	Total		
\$ 501,329	\$ 216,418	\$ 5,881,854	\$ 4,552,216	\$ 90,750	
55,499	135,140	3,855,178	3,740,057	76,091	
50,605	37,138	212,822	183,569	2,755	
8,672	(1,990)	(363,952)	145,978	406	
2,974	3,154	80,188	(36,839)	(36,804)	
(86,028)	16,659	(152,736)	48,446	-	
(206,962)	(68,189)	(1,038,193)	(217,642)	(33,249)	
(540)	(366)	(3,071)	(9,354)	(79)	
(199,983)	28,508	(368,983)	(230,284)	5,297	
(1,268)	(3,696)	(10,006)	(87,115)	105	
(120)	192	(5,500)	(2,616)	-	
-	(8,061)	732,432	(3,792)	-	
-	-	8,775	(1,200)	-	
(108,516)	(151,130)	(743,277)	416,368	(25,391)	
4,138	2,799	23,531	27,327	605	
322,608	129,648	1,658,582	(308,896)	53,439	
(340)	(230)	(1,934)	5,426	(50)	
10,252	(38,531)	(27,964)	54,943	2,189	
\$ 352,320	\$ 297,463	\$ 9,737,746	\$ 8,276,592	\$ 136,064	

See accompanying Notes to Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

B. Basic Financial Statements

1. Government-Wide Statements

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

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

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021**

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, 2021

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, 2021

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, 2021

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, 2021**

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, 2021 for the estimated allowance for the revolving loan program is \$-0-.

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021**

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, 2021

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

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, 2021**

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 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, 2021**

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, 2021, 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 2021 were \$19,198.

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, 2021

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 were not entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

At December 31, 2021, the balance included uninsured and undercollateralized deposits of \$7,107,769.

Investments

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

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

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

Investment Type	Credit Rating	Amount
Money Market	Not Rated	\$ 2,075,902
Negotiable Certificates of Deposit	Not Rated	241,538
Total		<u>\$ 2,317,440</u>

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021 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	\$ 2,075,902	\$ 2,075,902	\$ -	\$ -
Negotiable Certificates of Deposit	241,538	-	-	241,538
Total	\$ 2,317,440	\$ 2,075,902	\$ -	\$ 241,538

The deposits and investments are presented in these financial statements:

Deposits	\$ 16,336,660
Investments	2,317,440
Total Cash and Cash Equivalents	\$ 18,654,100
Cash and Cash Equivalents	\$ 17,827,100
Cash and Investments with Fiscal Agent	827,000
Total Cash and Cash Equivalents	\$ 18,654,100
Governmental Activities	\$ 13,124,708
Business-Type Activities	5,529,392
Total Cash and Cash Equivalents	\$ 18,654,100

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, 2021

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	\$ 241,538	\$ -	\$ 241,538	\$ -

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, 2021

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,807,439	\$ -	\$ -	\$ 2,807,439
Construction in Progress	7,224,285	8,215,830	(467,884)	14,972,231
Total Capital Assets, Not Being Depreciated	<u>10,031,724</u>	<u>8,215,830</u>	<u>(467,884)</u>	<u>17,779,670</u>
Capital Assets, Being Depreciated:				
Land Improvements	17,193,782	402,978	-	17,596,760
Buildings and Building Improvements	17,471,838	34,658	-	17,506,496
Improvements Other than Buildings	3,627,068	77,329	-	3,704,397
Vehicles	4,550,668	308,736	(59,944)	4,799,460
Equipment	6,865,765	342,813	(345,536)	6,863,042
Infrastructure	85,252,005	70,735	-	85,322,740
Total Capital Assets, Being Depreciated	<u>134,961,126</u>	<u>1,237,249</u>	<u>(405,480)</u>	<u>135,792,895</u>
Accumulated Depreciation for:				
Land Improvements	(8,704,327)	(682,202)	-	(9,386,529)
Buildings and Building Improvements	(9,056,317)	(535,778)	-	(9,592,095)
Improvements Other than Buildings	(2,293,224)	(144,755)	-	(2,437,979)
Vehicles	(2,775,380)	(299,476)	59,944	(3,014,912)
Equipment	(5,192,659)	(357,000)	345,536	(5,204,123)
Infrastructure	(64,108,937)	(2,071,382)	-	(66,180,319)
Total Accumulated Depreciation	<u>(92,130,844)</u>	<u>(4,090,593)</u>	<u>405,480</u>	<u>(95,815,957)</u>
Total Capital Assets, Being Depreciated, Net	<u>42,830,282</u>	<u>(2,853,344)</u>	<u>-</u>	<u>39,976,938</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 52,862,006</u></u>	<u><u>\$ 5,362,486</u></u>	<u><u>\$ (467,884)</u></u>	<u><u>\$ 57,756,608</u></u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:

General Government	\$ 219,797
Public Safety	368,676
Public Works	2,683,152
Parks, Culture, and Recreation	818,968
Total Depreciation Expense, Governmental Activities	<u><u>\$ 4,090,593</u></u>

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land and Intangible Assets	\$ 6,959,751	\$ 345,749	\$ -	\$ 7,305,500
Construction in Progress	99,099	553,220	(128,240)	524,079
Total Capital Assets, Not Being Depreciated	<u>7,058,850</u>	<u>898,969</u>	<u>(128,240)</u>	<u>7,829,579</u>
Capital Assets, Being Depreciated:				
Land Improvements	3,279,526	-	-	3,279,526
Buildings and Building Improvements	52,384,591	95,172	-	52,479,763
Utility Distributions Systems	80,642,461	1,053,291	-	81,695,752
Machinery and Shop Equipment	11,087,345	337,526	(46,102)	11,378,769
Total Capital Assets, Being Depreciated	<u>147,393,923</u>	<u>1,485,989</u>	<u>(46,102)</u>	<u>148,833,810</u>
Accumulated Depreciation for:				
Land Improvements	(1,420,985)	(75,321)	-	(1,496,306)
Buildings and Building Improvements	(22,870,674)	(1,138,512)	-	(24,009,186)
Utility Distributions Systems	(36,213,157)	(2,192,452)	-	(38,405,609)
Machinery and Shop Equipment	(7,641,777)	(448,893)	46,102	(8,044,568)
Total Accumulated Depreciation	<u>(68,146,593)</u>	<u>(3,855,178)</u>	<u>46,102</u>	<u>(71,955,669)</u>
Total Capital Assets, Being Depreciated, Net	<u>79,247,330</u>	<u>(2,369,189)</u>	<u>-</u>	<u>76,878,141</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 86,306,180</u></u>	<u><u>\$ (1,470,220)</u></u>	<u><u>\$ (128,240)</u></u>	<u><u>\$ 84,707,720</u></u>

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

Business-Type Activities:

Electric Fund	\$ 1,438,388
Water and Sewer Fund	2,226,151
Liquor Fund	55,499
Golf Course Fund	135,140
Total Depreciation Expense, Business-Type Activities	<u><u>\$ 3,855,178</u></u>

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 CITY INDEBTEDNESS

City indebtedness at December 31, 2021 is composed of the following:

Description	Initial Amount Issued	Maturity Date	Interest Rate	Outstanding Principal
General Obligation Bonds:				
Governmental Activities:				
2013 G.O. Bonds #2013A	\$ 3,575,000	2024	2.00%	\$ 1,105,000
2013 G.O. Bonds #2013B	585,000	2028	3.00-3.40	300,000
2015 G.O. Bonds #2015A	4,045,000	2031	2.00-3.00	2,875,000
2016 G.O. Street Reconstruction Bonds #2016C	2,565,000	2032	2.00-2.75	1,955,000
2019 G.O. Bonds #2019B	6,710,000	2040	3.00-5.00	6,440,000
2019 G.O. Refunding Bonds #2019C	2,760,000	2025	5.00	2,160,000
2020 G.O. Bonds #2020A	4,433,400	2040	2.00-3.00	4,298,400
2020 G.O. Tax Abatement and Refunding Bonds #2020B	1,980,000	2027	2.00	1,980,000
Total Governmental Activities - G.O. Bonds	<u>26,653,400</u>			<u>21,113,400</u>
Business-Type Activities:				
2013 G.O. Equipment Certificates #2013A	1,455,000	2022	2.00	430,000
2013 G.O. Bonds #2013B	440,000	2028	3.00-3.40	225,000
2019 G.O. Refunding Bonds #2019C	1,200,000	2026	5.00	845,000
2020 G.O. Bonds #2020A	1,496,600	2040	2.00-3.00	1,496,600
Total Business-Type Activities - G.O. Bonds	<u>4,591,600</u>			<u>2,996,600</u>
Total General Obligation Bonds	<u><u>\$ 31,245,000</u></u>			<u><u>\$ 24,110,000</u></u>
Tax Abatement Bonds:				
Governmental Activities:				
2012 G.O. Tax Abatement Bonds #2012C	\$ 1,955,000	2033	0.65-3.20%	\$ 1,350,000
2020 G.O. Tax Abatement and Refunding Bonds #2020B	1,205,000	2027	2.00	1,205,000
Total Tax Abatement Bonds	<u>3,160,000</u>			<u>2,555,000</u>
Business-Type Activities:				
2016 G.O. Tax Abatement Bonds #2016A	<u>3,250,000</u>	<u>2035</u>	<u>2.00-3.15</u>	<u>2,540,000</u>
Total Tax Abatement Bonds	<u><u>\$ 6,410,000</u></u>			<u><u>\$ 5,095,000</u></u>

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 CITY INDEBTEDNESS (CONTINUED)

Description	Initial Amount Issued	Maturity Date	Net Interest Rate	Outstanding Principal
Capital Lease Obligations:				
Governmental Activities:				
2017 Police, Parks Equipment	\$ 118,164	2022	1.94	\$ 10,336
2018 Street Equipment	31,308	2022	0.00	4,793
2018 Police Equipment	33,232	2022	0.00	8,667
2019 Police, Fire Equipment	733,055	2024	1.94	347,038
2019 Police, Street, Park Equipment	375,695	2024	2.21	230,385
2020 Fire Equipment	305,585	2025	1.74	246,215
2021 Police, Civil Defense, Street, Park Equipment	540,650	2025	1.57	509,379
Total General Obligation Capital Lease				
Purchase Obligations	<u>\$ 2,137,689</u>			<u>\$ 1,356,813</u>
Loans Payable - Direct Borrowing:				
Business-Type Activities:				
Golf Course Improvement	<u>\$ 570,000</u>	2025	3.01%	<u>\$ 426,399</u>
General Obligation Revenue Bonds:				
Business-Type Activities:				
2012 G.O. Water and Sewer Revenue Bonds #2012A	\$ 5,610,000	2033	2.55-3.00%	\$ 5,610,000
2014 G.O. Water and Sewer Revenue Refunding Bonds #2014A	30,860,000	2028	3.00-4.00	25,775,000
2014 Electric Revenue Bonds #2014B	1,880,000	2025	2.75-3.00	1,735,000
2015 Electric Revenue Refunding Bonds #2015B	1,185,000	2022	2.00-2.15	190,000
2016 Electric Revenue Bonds #2016B	1,140,000	2026	2.00-2.45	600,000
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	2,630,000
2018 Electric Revenue Bonds #2018A	1,765,000	2028	3.00	1,275,000
2018 Electric Revenue Bonds #2018B	2,300,000	2029	3.00-3.25	1,905,000
2019 G.O. Water and Sewer Revenue Refunding Bonds #2019A	8,205,300	2025	3.00-5.00	4,848,183
2021 G.O. Water and Sewer Revenue Refunding Bonds #2021A	2,260,000	2032	1.00-2.00	2,260,000
Total Business-Type Activities Revenue Bonds	65,205,300			53,668,183
Governmental Activities:				
2019 G.O. Water and Sewer Revenue Refunding Bonds #2019A	<u>89,700</u>	2024	3.00-5.00	<u>46,815</u>
Total Revenue Bonds	<u>\$ 65,295,000</u>			<u>\$ 53,714,998</u>
Revenue Lease Purchase Obligations:				
Business-Type Activities:				
2017 Electric, Water, Golf Equipment	\$ 673,287	2022	1.94	\$ 58,929
2018 Electric, Golf Equipment	92,948	2022	0.00	8,163
2018 Liquor Store Equipment	45,769	2022	0.00	6,014
2018 Water and Wastewater Equipment	89,730	2022	0.00	17,622
2019 Golf Course Equipment	48,845	2024	2.21	29,944
2020 Golf Course Equipment	226,520	2025	1.92	175,593
Total Revenue Lease Purchase Obligations	<u>\$ 1,177,099</u>			<u>\$ 296,265</u>

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 CITY INDEBTEDNESS (CONTINUED)

The following is a schedule of changes in City indebtedness for the year ended December 31, 2021:

	Beginning of Year	Additions	Retirements	End of Year	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 25,323,400	\$ -	\$ 4,210,000	\$ 21,113,400	\$ 2,441,600
General Obligation Tax Abatement Bonds	2,655,000	-	100,000	2,555,000	285,000
General Obligation Revenue Bond	61,771	-	14,956	46,815	15,281
Bond Subtotal	28,040,171	-	4,324,956	23,715,215	2,741,881
Bond Premium	1,335,851	-	329,965	1,005,886	-
Net Bond Subtotal	29,376,022	-	4,654,921	24,721,101	2,741,881
Capital Lease Obligations	1,209,478	540,650	393,315	1,356,813	404,349
Compensated Absences	497,091	301,968	269,200	529,859	294,086
Total Governmental Activities	31,082,591	842,618	5,317,436	26,607,773	3,440,316
Business-Type Activities:					
General Obligation Bonds	3,361,600	-	365,000	2,996,600	768,400
General Obligation Tax Abatement Bonds	2,695,000	-	155,000	2,540,000	155,000
General Obligation Revenue Bonds	51,193,226	2,260,000	5,490,043	47,963,183	3,409,719
Electric Revenue Bonds	6,645,000	-	940,000	5,705,000	990,000
Bond Subtotal	63,894,826	2,260,000	6,950,043	59,204,783	5,323,119
Bond Premium	1,604,627	53,166	626,139	1,031,654	-
Net Bond Subtotal	65,499,453	2,313,166	7,576,182	60,236,437	5,323,119
Loans Payable - Direct Borrowing	534,658	-	108,259	426,399	111,609
Revenue Lease Purchase Obligations	625,017	-	328,752	296,265	145,065
Compensated Absences	418,807	254,123	282,087	390,843	226,010
Total Business-Type Activities	67,077,935	2,567,289	8,295,280	61,349,944	5,805,803
Total Debt	\$ 98,160,526	\$ 3,409,907	\$ 13,612,716	\$ 87,957,717	\$ 9,246,119

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

Assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Asset:		
Land	\$ -	\$ 1,993,394
Buildings and Improvements	-	1,840,246
Vehicles and Equipment	2,098,973	932,901
Subtotal	2,098,973	4,766,541
Less: Accumulated Depreciation	(410,968)	(1,538,687)
Total	\$ 1,688,005	\$ 3,227,854

The City enters into lease agreements to acquire vehicles, goods, and equipment. In 2021, the City entered into a lease agreement that totaled \$540,650. The lease carries an interest rate of 1.57% and is set to end in 2025.

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 CITY INDEBTEDNESS (CONTINUED)

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2021, were as follows:

<u>Year Ending December 31.</u>	<u>Amount</u>
2022	\$ 579,813
2023	464,432
2024	343,328
2025	325,858
Total Minimum Lease Payments	1,713,431
Less: Amount Representing Interest	(60,353)
Present Value of Minimum Lease Payments	<u>1,653,078</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>	Governmental Activities				
	Bonded Debt		Notes and Capital Leases		Totals
	Principal	Interest	Principal	Interest	
2022	\$ 2,741,881	\$ 679,121	\$ 404,349	\$ 26,243	\$ 3,851,594
2023	2,822,206	605,861	390,586	15,965	3,834,618
2024	2,905,928	521,583	278,249	7,217	3,712,977
2025	2,448,400	446,230	283,629	2,602	3,180,861
2026	1,606,800	351,577	-	-	1,958,377
2027-2031	6,405,000	1,112,436	-	-	7,517,436
2032-2036	3,235,000	409,168	-	-	3,644,168
2037-2040	1,550,000	87,895	-	-	1,637,895
Totals	\$ 23,715,215	\$ 4,213,871	\$ 1,356,813	\$ 52,027	\$ 29,337,926

<u>Year Ending December 31.</u>	Business-Type Activities			
	Bonded Debt		Loans Payable - Direct Borrowing	
	Principal	Interest	Principal	Interest
2022	\$ 5,323,119	\$ 1,894,927	\$ 111,609	\$ 11,458
2023	4,947,794	1,693,954	115,064	8,004
2024	6,049,070	1,498,502	118,609	4,458
2025	6,616,600	1,281,977	81,117	928
2026	6,433,200	1,093,987	-	-
2027-2031	22,655,000	2,717,811	-	-
2032-2035	7,180,000	292,485	-	-
Totals	\$ 59,204,783	\$ 10,473,643	\$ 426,399	\$ 24,848

<u>Year Ending December 31.</u>	Business-Type Activities		
	Capital Leases		
	Principal	Interest	Totals
2022	\$ 145,065	\$ 4,156	\$ 7,490,334
2023	55,418	2,463	6,822,697
2024	56,502	1,360	7,728,501
2025	39,280	347	8,020,249
2026	-	-	7,527,187
2027-2031	-	-	25,372,811
2032-2035	-	-	7,472,485
Totals	\$ 296,265	\$ 8,326	\$ 70,434,264

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 CITY INDEBTEDNESS (CONTINUED)

The annual requirements to amortize all long-term debt outstanding as of December 31, 2021, including interest of \$14,772,715 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 11,341,928
2023	10,657,315
2024	11,441,478
2025	11,201,110
2026	9,485,564
2027-2031	32,890,247
2032-2036	11,116,653
2037-2040	1,637,895
<u>Total</u>	<u>\$ 99,772,190</u>

In 2021, the City issued \$2,260,000 in General Obligation Sewer and Water Revenue Refunding Bonds (Series 2021A) for the purpose of effecting current refundings of certain outstanding general obligations of the City. The bonds carry an interest rate between 1.0% and 2.0% and will 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.

During the year ended December 31, 2020, the City placed existing resources in an account held by an escrow agent to defease debt. As of December 31, 2021, the amount of defeased debt that is outstanding is \$2,825,000.

The City's outstanding loan from direct borrowings related to proprietary fund debt of \$426,399 contain a provision that if the City is unable to make a payment when due, an interest penalty may be imposed and the following remedies may be exercised the lender may either at law or in equity, by suit, action or other proceeding, protect and enforce the rights of the lender hereunder and compel the performance of any and all of the covenants required herein to be performed by the City and its officers and agents, including but not limited to the establishment and maintenance of charges and fees and the collection and proper segregation of revenues and the use thereof. Nothing herein will impair the absolute and unconditional right of the lender to receive payment of the principal amount of the loan and interest thereon as such principal and interest respectively become due, from the revenues and other sources pledged and appropriated for the payment thereof, and to institute suit for the enforcement of any such payment.

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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			Current Year	
			Percent of Total Debt Service	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
G.O. Sewer & Water Revenue Bonds, Series 2012A	Water & Sewer	Water & Sewer Utility Charges	100%	2012 - 2033	\$ 7,223,393	\$ 157,492	\$ 8,875,554
G.O. Bonds, Series 2013A	Electric	Electric Utility Charges	29%	2013 - 2022	\$ 434,300	\$ 165,150	\$ 17,196,019
G.O. Bonds, Series 2013B	Water, Sewer & Storm Sewer	Water, Sewer & Storm Sewer Utility Charges	100%	2014 - 2028	\$ 255,420	\$ 38,070	\$ 8,875,554
G.O. Sewer & Water Revenue Refunding Bonds, Series 2014A	Water & Sewer	Water & Sewer Utility Charges	100%	2014 - 2028	\$30,071,711	\$ 2,219,295	\$ 8,875,554
Electric Revenue Bonds, Series 2014B	Electric	Electric Utility Charges	100%	2014 - 2025	\$ 1,850,479	\$ 80,981	\$ 17,196,019
Electric Revenue Bonds, Series 2015B	Electric	Electric Utility Charges	100%	2015 - 2022	\$ 192,043	\$ 190,935	\$ 17,196,019
Electric Revenue Bonds, Series 2016B	Electric	Electric Utility Charges	100%	2016 - 2026	\$ 634,676	\$ 124,155	\$ 17,196,019
G.O. Sewer Revenue Bonds, Series 2017A	Sewer	Sewer Utility Charges	100%	2017 - 2033	\$ 8,922,244	\$ 215,988	\$ 8,875,554
G.O. Sewer & Water Revenue Bonds, Series 2017B	Water & Sewer	Water & Sewer Utility Charges	100%	2017 - 2033	\$ 3,045,575	\$ 253,150	\$ 8,875,554
Electric Revenue Bonds, Series 2018A	Electric	Electric Utility Charges	100%	2018 - 2028	\$ 1,413,975	\$ 205,725	\$ 17,196,019
Electric Revenue Bonds, Series 2018B	Electric	Electric Utility Charges	100%	2018 - 2029	\$ 2,153,506	\$ 271,913	\$ 17,196,019
G.O. Water & Sewer Revenue Refunding Bonds, Series 2019A	Water, Sewer & Storm Sewer	Water, Sewer & Storm Sewer Utility Charges	100%	2019 - 2025	\$ 5,252,183	\$ 1,910,231	\$ 8,875,554
G.O. Refunding Bonds, Series 2019C	Water & Sewer	Water & Sewer Utility Charges	30%	2019 - 2026	\$ 961,250	\$ 231,250	\$ 8,875,554
G.O. Bonds, Series 2020A	Water & Sewer	Water & Sewer Utility Charges	25%	2020 - 2033	\$ 1,716,384	\$ 50,923	\$ 8,875,554
G.O. Bonds, Series 2021A	Water & Sewer	Water & Sewer Utility Charges	25%	2021 - 2032	\$ 2,473,672	\$ -	\$ 8,875,554

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

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

2. Public Employees Police and Fire Plan

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

B. Benefits Provided

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

1. General Employees Plan Benefits

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

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 2021 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, 2021 were \$396,598. 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, 2021

NOTE 5 PENSION PLANS (CONTINUED)

C. Contributions (Continued)

2. Police and Fire Plan Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2021 were \$264,477. 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, 2021, the City reported a liability of \$3,113,157 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$95,163. The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was 0.0729% at the end of the measurement period and 0.0731% for the beginning of the period.

City's Proportionate Share of the Net Pension Liability	\$ 3,113,157
State's Proportionate Share of the Net Pension Liability	
Associated with the City	<u>95,163</u>
Total Proportionate Share of the Net Pension Liability Associated with the City	<u><u>\$ 3,208,320</u></u>

For the year ended December 31, 2021, the City recognized pension expense of \$136,939 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$7,678 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

At December 31, 2021, 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	\$ 19,126	\$ 95,271
Changes in Actuarial Assumptions	1,900,829	68,865
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	2,696,125
Changes in Proportion and Differences Between		
City Contributions and Proportionate		
Share of Contributions	276,822	9,124
City Contributions Subsequent to the		
Measurement Date	212,389	-
Total	<u>\$ 2,409,166</u>	<u>\$ 2,869,385</u>

The \$212,389 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, 2022. Other amounts reported as deferred outflow and inflow of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	Pension Expense Amount
2022	\$ 7,661
2023	82,398
2024	(27,291)
2025	(735,376)
Total	<u>\$ (672,608)</u>

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs

At December 31, 2021, the City reported a liability of \$920,870 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was 0.1193% at the end of the measurement period and 0.1122% for the beginning of the period.

The state of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2020. 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. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The state of Minnesota is included as a nonemployer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the state of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2021, the City recognized pension expense of \$(29,468) for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$7,536 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The state of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$10,737 for the year ended December 31, 2021 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, 2021

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	\$ 920,870
State's Proportionate Share of the Net Pension Liability	
Associated with the City	<u>41,379</u>
Total Proportionate Share of the Net Pension Liability Associated with the City	<u><u>\$ 962,249</u></u>

At December 31, 2021, 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	\$ 176,864	\$ -
Changes in Actuarial Assumptions	1,353,438	505,961
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,759,549
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	161,183	-
City Contributions Subsequent to the Measurement Date	<u>146,083</u>	<u>-</u>
Total	<u><u>\$ 1,837,568</u></u>	<u><u>\$ 2,265,510</u></u>

The \$146,083 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, 2022. Other amounts reported as deferred outflow and inflow of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	Pension Expense Amount
2022	\$ (573,551)
2023	(77,167)
2024	(78,976)
2025	(160,300)
2026	315,969
Total	<u><u>\$ (574,025)</u></u>

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 employee's costs are associated.

	General Employees Fund	Police and Fire Fund	Fire Relief	Total
Net Pension Liability	\$ 3,113,157	\$ 920,870	\$ -	\$ 4,034,027
Net Pension Asset	-	-	651,305	651,305
Deferred Outflows of Resources Related to Pensions	2,409,166	1,837,568	52,884	4,299,618
Deferred Inflows of Resources Related to Pensions	2,869,385	2,265,510	210,153	5,345,048
Pension Expense	144,617	(21,932)	44,143	166,828

E. Long-Term Expected Return on Investment

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

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

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions (Continued)

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

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

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

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions (Continued)

Police and Fire Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

G. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net 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, 2021

NOTE 5 PENSION PLANS (CONTINUED)

H. Pension Liability Sensitivity

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

	Proportionate Share of the			
	General Employees		Public Employees	
	Retirement Plan		Police and Fire Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	5.50 %	\$ 6,349,250	5.50 %	\$ 2,923,605
Current	6.50	3,113,157	6.50	920,870
1% Increase	7.50	457,744	7.50	(720,877)

I. Pension Plan Fiduciary Net Position

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

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, 2021, membership includes 32 active members and 8 inactive members entitled to benefits, but not yet receiving them.

B. Benefits Provided

Authority for payment of pension benefits is established in Minnesota Statutes §69.77 and may be amended only by the Minnesota State Legislature. Each member who is at least 50 years of age, has retired from the fire department, has served at least 20 years of active service with such department before retirement, shall be entitled to a lump sum service pension in the amount of \$5,000 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
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**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 \$5,000 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	\$ 148,737
Amortization Payment on Unfunded Accrued	
Liability Prior to Any Change	44,224
Administrative Expenses	3,175
Anticipated State Aid	(125,172)
Projected Investment Earnings	(70,964)
Total Contribution Required	<u><u>\$ -</u></u>

The Plan is funded in part by fire state aid and, if necessary, City contributions. The state of Minnesota distributed to the City \$140,676 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2021. 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, 2021 was \$-0-.

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
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**NOTE 6 FIREFIGHTERS RELIEF ASSOCIATION DEFINED BENEFIT PENSION PLAN
 (CONTINUED)**

D. Pension Costs

At December 31, 2021, the City reported an asset of \$651,305 for the Association's net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020.

As a result of its requirement to contribute to the Relief Association, the City recognized expense of \$44,143 for the year ended December 31, 2021. At December 31, 2021, 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	\$ 50,384	\$ 69,150
Changes in Actuarial Assumptions	-	-
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	141,003
Association Contributions Subsequent to the Measurement Date	2,500	-
Total	<u>\$ 52,884</u>	<u>\$ 210,153</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, 2022. Other amounts reported as deferred outflow and inflow of resources related to the Association's pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	Pension Expense Amount
2022	\$ (52,239)
2023	(23,756)
2024	(69,653)
2025	(25,944)
2026	4,225
Thereafter	7,598
Total	<u>\$ (159,769)</u>

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

E. Actuarial Assumptions

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

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

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

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

The best-estimates of expected future asset class returns were published in the 220 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standards deviations and correlation coefficients, are based on Horizon's annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

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

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

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

E. Actuarial Assumptions (Continued)

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

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

F. Discount Rate

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

G. Pension Asset Sensitivity

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

	Selected		
	1% Decrease	Discount Rate	1% Increase
Net Pension Liability (Asset)	\$ (601,716)	\$ (651,305)	\$ (698,860)
Discount Rate	3.75%	4.75%	5.75%

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

**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
Total Pension Liability	December 31, 2020
Service Cost	\$ 75,436
Interest	79,816
Changes in Experience	(12,538)
Changes in Assumptions	30,069
Change of Benefit Terms	52,860
Benefit Payments, Including Member Refunds	<u>(165,556)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	60,087
Total Pension Liability - Beginning of Year	<u>1,527,654</u>
TOTAL PENSION LIABILITY - END OF YEAR (a)	1,587,741
 Plan Fiduciary Net Position	
Municipal Contributions	2,500
State Contributions	133,061
Net Investment Income	197,915
Benefit Payments	(165,556)
Administrative Expenses	(2,740)
Other Changes	<u>11</u>
NET CHANGE IN FIDUCIARY NET POSITION	165,191
Fiduciary Net Position - Beginning of Year	<u>2,073,855</u>
FIDUCIARY NET POSITION - END OF YEAR (b)	<u>2,239,046</u>
 ASSOCIATION'S NET PENSION LIABILITY/ (ASSET) - END OF YEAR (a) - (b)	<u>\$ (651,305)</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, 2021

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, 2021, the City did not contribute to the plan.

C. Actuarial Methods and Assumptions

The City's OPEB liability was measured as of January 1, 2021 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	6.25% Decreasing to 5.0% Over 5 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, 2021

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, 2020	\$ 603,216
Changes for the Year:	
Service Cost	55,361
Interest Cost	18,807
Benefit Payments	<u>(20,275)</u>
Net Change in Total OPEB Liability	<u>53,893</u>
Balances at December 31, 2021	<u><u>\$ 657,109</u></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	\$ 700,811	\$ 657,109	\$ 615,565

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 (5.25% decreasing to 4% over five years) or 1% higher (7.25% decreasing to 6% over five years) than the current healthcare cost trend rates:

	1% Decrease (5.25% Decreasing to 4% Over 5 Years)	Current Trend Rates (6.25% Decreasing to 5% Over 5 Years)	1% Increase (7.25% Decreasing to 6% Over 5 Years)
OPEB Liability	\$ 587,745	\$ 657,109	\$ 738,572

For the year ended December 31, 2021, the City recognized OPEB Expense of \$71,649. At December 31, 2021, 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	\$ -	\$ 11,121
Change of Assumptions	9,445	10,910
City Contributions Subsequent to the Measurement	29,224	-
Total	\$ 38,669	\$ 22,031

The \$29,224 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Expenses Amount</u>
2022	\$ (2,519)
2023	(2,519)
2024	(2,519)
2025	(2,519)
2026	(2,510)
Thereafter	-
Total	\$ (12,586)

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balances/Net Position

The City has deficit fund balances/net position at December 31, 2021 as follows:

Governmental Funds:	
HRA Debt Service	\$ (1,491,804)
Other Governmental Funds:	
Civic Center Fund	(2,280,754)
Proprietary Funds:	
Golf Course Fund	(6,612,233)

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, 2021, expenditures exceeded budget in the Library Special Revenue Fund by \$1,956 and Civic Center Special Revenue Fund by \$47,646. These expenditures were funded by current year revenues and 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, 2021 because they have not yet been levied against the properties by the county.

Future scheduled tax levies for all bonds outstanding at December 31, 2021 totaled \$21,374,999.

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10 INTERFUND ADVANCES AND TRANSFERS

A. Advances To/From Other Funds

Fund	Advances to Other Funds	Advances from Other Funds
General Fund	\$ 2,338,748	\$ -
Debt Service Fund	1,350,000	-
HRA Debt Service Fund	-	1,500,995
Other Governmental Funds	-	2,338,748
Proprietary Funds:		
Electric Fund	3,795,670	-
Water and Sewer Fund	2,484,992	-
Golf Course Fund	-	6,129,667
Total Advances	<u><u>\$ 9,969,410</u></u>	<u><u>\$ 9,969,410</u></u>

The Debt Service Fund and Electric Fund advanced \$1,350,000 and \$150,995, 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 \$2,338,748 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 \$3,644,675 and \$2,484,992, 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 17 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	\$ 54,712	\$ -
Internal Service Fund	-	54,712
Total Due To/From	<u><u>\$ 54,712</u></u>	<u><u>\$ 54,712</u></u>

The Internal Service Fund borrowed \$54,712 from the General 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, 2021

NOTE 10 INTERFUND ADVANCES AND TRANSFERS (CONTINUED)

C. Transfers

Transfers between funds during 2021 are as follows:

	Amount	Description
<u>Major Governmental Funds</u>		
Transfers to General Fund from:		
Electric Fund	\$ 900,000	Annual Contribution
Liquor Fund	500,000	Annual Park Contribution
Total Transfers to General Fund	<u>1,400,000</u>	
Transfers to Debt Service Fund from:		
General Fund	398,459	Transfer of Debt Payment
Capital Project Fund	277,749	To Close Capital Project Funds
HRA Debt Service Fund	<u>40,310</u>	Transfer of Debt Payment
Total Transfers to Debt Service Fund	<u>716,518</u>	
Transfers to Capital Projects Fund from:		
General Fund	536,403	Street Improvements
Transfers to HRA Debt Service Fund from:		
HRA Fund	<u>195,244</u>	Transfer of Debt Payment
Total Transfers to Major Governmental Funds	<u>2,848,165</u>	
<u>Nonmajor Governmental Funds</u>		
Transfers to Civic Center Fund from:		
General Fund	75,000	Annual Contribution
Electric Fund	<u>100,000</u>	Annual Contribution
Total Transfers to Civic Center Fund	<u>175,000</u>	
Transfers to Airport Fund from:		
General Fund	<u>50,000</u>	Annual Contribution
Total Transfers to Nonmajor Governmental Funds	<u>225,000</u>	
<u>Enterprise Funds</u>		
Transfers to Golf Course Fund from:		
General Fund	<u>93,533</u>	Annual Contribution
Total Interfund Transfers	<u><u>\$ 3,166,698</u></u>	

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11 FUND BALANCE CLASSIFICATIONS

The fund balance classifications of the governmental funds as of December 31, 2021 were as follows:

	General Fund	Debt Service Fund	Capital Project Fund	HRA Debt Service Fund	Other Governmental Funds	Governmental Funds Total
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 9,635	\$ 9,635
Prepaid Expenses	58,210	-	-	-	4,405	62,615
Advance to Other Funds	2,338,748	-	-	-	-	2,338,748
Total Nonspendable	<u>2,396,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,040</u>	<u>2,410,998</u>
Restricted:						
Debt Service	-	5,674,619	-	-	-	5,674,619
Capital Projects	-	-	2,114,715	-	-	2,114,715
Total Restricted	<u>-</u>	<u>5,674,619</u>	<u>2,114,715</u>	<u>-</u>	<u>-</u>	<u>7,789,334</u>
Committed:						
Library	-	-	-	-	119,059	119,059
Mill/Overlay Projects	-	-	576,599	-	-	576,599
Fire Operations	-	-	-	-	531,658	531,658
The Buffalo HRA	-	-	-	-	574,563	574,563
Airport	-	-	-	-	271,278	271,278
Total Committed	<u>-</u>	<u>-</u>	<u>576,599</u>	<u>-</u>	<u>1,496,558</u>	<u>2,073,157</u>
Unassigned						
	<u>3,364,018</u>	<u>-</u>	<u>-</u>	<u>(1,491,804)</u>	<u>(2,284,706)</u>	<u>(412,492)</u>
Total Fund Balance	<u>\$ 5,760,976</u>	<u>\$ 5,674,619</u>	<u>\$ 2,691,314</u>	<u>\$ (1,491,804)</u>	<u>\$ (774,108)</u>	<u>\$ 11,860,997</u>

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, 2021**

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, 2021, the City paid excess tax increment in the amount of \$55,624.

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, 2021, the City paid excess tax increment in the amount of \$0-.

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, 2021, the City paid excess tax increment in the amount of \$16,311.

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, 2021, the City paid excess tax increment in the amount of \$5,316.

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021, the City paid excess tax increment in the amount of \$44,768.

The sixth district is a housing district to facilitate making the land in the Project Area available for development by private enterprise in conformance with the Redevelopment Plan. The district will stop collections as of the earlier of December 31, 2046 or when the plan is satisfied. For the year ended December 31, 2021, the City paid in excess tax increment in the amount of \$38,031.

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, 2021, 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, 2021, the City abated property taxes totaling \$-0-. 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, 2021

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, 2021:

Project	Contract Cost	Estimated	
		Project Costs Incurred to Date*	Remaining Committed
Downtown Fire Station	\$ 6,579,641	\$ 6,402,282	\$ 177,359
Douglas Drive Reconstruction	1,465,081	1,383,680	81,401
SE Phase III Reconstruction	1,428,433	1,399,964	28,469
Dague Ave & 30th Reconstruction	5,088,735	1,206,550	3,882,185
2021 Street Maintenance	450,112	426,132	23,980
Filter Media	412,178	284,890	127,288
Total	\$ 15,424,180	\$ 11,103,498	\$ 4,320,682

* Includes Contracts Payable Amount

NOTE 15 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 \$221,741 in 2021. Future minimum lease payments are as follows:

<u>Year Ending December 31.</u>	<u>Amount</u>
2022	\$ 232,786
2023	237,654
2024	242,102
2025	246,720
Total	\$ 959,262

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 16 SUBSEQUENT EVENTS

On March 3, 2022, the City Council authorized issuance of \$1,745,000 in General Obligation Refunding Bonds, Series 2022A. 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 2.0% and 3.0% and it is set to mature in 2033. The refunding was undertaken to reduce total debt service payments in the amount of \$93,620 over the next 11 years and resulted in economic gain of \$87,534.

The City Council has entered into a purchase agreement for the sale of the golf course in 2022. As of June 6, 2022, the sale has not been finalized.

REQUIRED SUPPLEMENTARY INFORMATION

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

GENERAL EMPLOYEES RETIREMENT PLAN	Measurement Date		
	June 30, 2021	June 30, 2020	June 30, 2019
City's Proportion of the Net Pension Liability	0.0729%	0.0731%	0.0648%
City's Proportionate Share of the Net Pension Liability	\$ 3,113,157	\$ 4,382,680	\$ 3,582,647
State's Proportionate Share of the Net Pension Liability	95,163	135,228	111,328
Associated with the City of Buffalo			
Total Proportionate Share of the Net Pension Liability	<u>\$ 3,208,320</u>	<u>\$ 4,517,908</u>	<u>\$ 3,693,975</u>
Associated with the City of Buffalo			
City's Covered Payroll	\$ 5,250,464	\$ 5,203,754	\$ 4,582,991
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	59%	84%	78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.00%	79.06%	80.20%

PUBLIC EMPLOYEES POLICE AND FIRE PLAN	Measurement Date		
	June 30, 2021	June 30, 2020	June 30, 2019
City's Proportion of the Net Pension Liability	0.1193%	0.1122%	0.1115%
City's Proportionate Share of the Net Pension Liability	\$ 920,870	\$ 1,478,916	\$ 1,187,029
State's Proportionate Share of the Net Pension Liability	41,379	34,858	-
Associated with the City of Buffalo			
Total Proportionate Share of the Net Pension Liability	<u>\$ 962,249</u>	<u>\$ 1,513,774</u>	<u>\$ 1,187,029</u>
Associated with the City of Buffalo			
City's Covered Payroll	\$ 1,409,680	\$ 1,265,831	\$ 1,175,987
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	65%	117%	101%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.70%	87.19%	89.30%

* Additional information will be added as it becomes available.

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

Measurement Date				
June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	
0.0640%	0.0652%	0.0620%	0.0651%	
\$ 3,550,459	\$ 4,162,325	\$ 5,034,092	\$ 3,373,820	
116,463	52,338	65,737	-	
<u>\$ 3,666,922</u>	<u>\$ 4,214,663</u>	<u>\$ 5,099,829</u>	<u>\$ 3,373,820</u>	
\$ 4,305,175	\$ 4,195,877	\$ 3,841,975	\$ 3,794,647	
82%	99%	131%	89%	
79.50%	75.90%	68.90%	78.75%	
Measurement Date				
June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	
0.1066%	0.1060%	0.1030%	0.1080%	
\$ 1,136,246	\$ 1,431,126	\$ 4,133,569	\$ 1,227,133	
-	-	-	-	
<u>\$ 1,136,246</u>	<u>\$ 1,431,126</u>	<u>\$ 4,133,569</u>	<u>\$ 1,227,133</u>	
\$ 1,123,750	\$ 1,089,355	\$ 996,175	\$ 1,002,211	
101%	131%	415%	122%	
88.80%	85.40%	63.90%	78.75%	

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

* Additional information will be added as it becomes available.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
GENERAL EMPLOYEES RETIREMENT PLAN			
Contractually Required Contribution	\$ 396,598	\$ 404,207	\$ 374,706
Contributions in Relation to the Contractually Required Contribution	<u>(396,598)</u>	<u>(404,207)</u>	<u>(374,706)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
City's Covered Payroll	\$ 5,287,965	\$ 5,389,427	\$ 4,995,075
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%
PUBLIC EMPLOYEES POLICE AND FIRE PLAN			
Contractually Required Contribution	\$ 264,477	\$ 246,464	\$ 205,864
Contributions in Relation to the Contractually Required Contribution	<u>(264,477)</u>	<u>(246,464)</u>	<u>(205,864)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
City's Covered Payroll	\$ 1,494,221	\$ 1,392,458	\$ 1,214,536
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	16.95%
FIRE RELIEF ASSOCIATION PLAN			
Statutorily Required Contribution	\$ -	\$ -	\$ -
Contributions in Relation to the Statutorily Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency/(Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

* Additional information will be added as it becomes available.

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

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

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

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

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

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

CITY OF BUFFALO, MINNESOTA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance from Final Budget	
REVENUES					
Taxes:					
General Property Taxes	\$ 4,411,856	\$ 4,411,856	\$ 4,361,283	\$ (50,573)	\$ 4,756,323
Other Taxes	2,200	2,200	2,435	235	1,931
Total Taxes	<u>4,414,056</u>	<u>4,414,056</u>	<u>4,363,718</u>	<u>(50,338)</u>	<u>4,758,254</u>
Licenses and Permits	370,950	500,950	543,102	42,152	458,071
Intergovernmental:					
Federal Grants	2,300	33,183	45,039	11,856	192,578
State:					
Local Government Aid	974,339	974,339	1,015,599	41,260	981,133
PERA Indirect Aid	-	-	21,474	21,474	-
Market Value Credit	-	-	207	207	1,411
State Police Aid	140,000	140,000	2,640	(137,360)	149,641
State Highway Aid	204,000	204,000	214,731	10,731	224,278
Other	15,000	15,000	160,208	145,208	42,781
Total Intergovernmental	<u>1,335,639</u>	<u>1,366,522</u>	<u>1,459,898</u>	<u>93,376</u>	<u>1,591,822</u>
Special Assessments	5,000	5,000	5,508	508	4,924
Charges for Services:					
General Government	176,500	181,956	166,467	(15,489)	164,961
Public Safety	36,500	36,500	41,679	5,179	28,820
Streets	-	-	3,294	3,294	5,226
Culture and Recreation	90,000	90,000	79,960	(10,040)	81,683
Sanitation	965,000	965,000	1,052,378	87,378	978,536
Storm Sewer	415,000	438,347	449,826	11,479	418,176
Total Charges for Services	<u>1,683,000</u>	<u>1,711,803</u>	<u>1,793,604</u>	<u>81,801</u>	<u>1,677,402</u>
Fines and Forfeits	37,000	37,000	45,751	8,751	39,538
Investment Earnings	20,000	20,000	5,516	(14,484)	12,851
Refunds/Reimbursements	10,000	85,850	112,022	26,172	26,030
Grants and Contributions	23,000	23,000	20,964	(2,036)	14,509
Miscellaneous	10,000	10,000	4,459	(5,541)	23,104
Total Revenues	7,908,645	8,174,181	8,354,542	180,361	8,606,505

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, 2021
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)

	2021				2020	
	Original Budget	Final Budget	Actual	Variance from Final Budget	Actual	
EXPENDITURES						
General Government:						
Mayor and Council:						
Current:						
Personal Services	\$ 84,963	\$ 84,963	\$ 63,857	\$ 21,106	\$ 50,068	
Financial Administration:						
Current:						
Salaries	354,037	354,037	363,539	(9,502)	369,678	
Employee Benefits	143,259	118,259	102,646	15,613	132,481	
Other Expenses:						
Audit / Accounting	10,000	10,000	12,400	(2,400)	9,758	
Building Permits, Surcharges	19,500	19,500	21,817	(2,317)	14,189	
Insurance	15,000	15,000	17,388	(2,388)	14,124	
Planning and Zoning	246,943	209,406	196,592	12,814	198,515	
Assessor	-	-	-	-	89,442	
City Attorney	-	-	-	-	19,923	
City Clerk	137,568	136,818	140,446	(3,628)	111,359	
Professional Services	10,000	40,000	44,288	(4,288)	17,973	
Elections	2,500	2,500	2,332	168	116,809	
Other Expense	368,536	392,164	413,487	(21,323)	328,626	
Capital Outlay	-	23,075	39,799	(16,724)	79,723	
Total Financial Administration	<u>1,307,343</u>	<u>1,320,759</u>	<u>1,354,734</u>	<u>(33,975)</u>	<u>1,502,600</u>	
Engineering:						
Current:						
Salaries	69,821	50,000	35,332	14,668	71,986	
Employee Benefits	10,732	10,732	4,741	5,991	11,006	
Other Services and Charges	66,968	81,968	99,249	(17,281)	18,999	
Capital Outlay	-	-	-	-	5,986	
Total Engineering	<u>147,521</u>	<u>142,700</u>	<u>139,322</u>	<u>3,378</u>	<u>107,977</u>	
Transportation:						
Current:						
Other Services and Charges	-	-	-	-	1,963	
Total General Government	<u>1,539,827</u>	<u>1,548,422</u>	<u>1,557,913</u>	<u>(9,491)</u>	<u>1,662,608</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, 2021
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)

	2021				2020	
	Original Budget	Final Budget	Actual	Variance from Final Budget	Actual	
EXPENDITURES (CONTINUED)						
Public Safety:						
Police Protection:						
Current:						
Office Wages and Benefits	\$ 291,009	\$ 279,679	\$ 265,216	\$ 14,463	\$ 288,103	
Officer Wages and Benefits	1,913,609	1,913,609	1,974,450	(60,841)	1,811,404	
Training	10,800	10,800	12,223	(1,423)	5,341	
Legal Fees	65,000	65,000	67,627	(2,627)	67,442	
Other Services and Charges	495,576	603,476	618,316	(14,840)	483,553	
Capital Outlay	-	-	585	(585)	65,707	
Capital Lease Payments:						
Principal	34,281	34,281	47,114	(12,833)	38,522	
Interest	23,754	23,754	23,205	549	15,141	
Total Police	2,834,029	2,930,599	3,008,736	(78,137)	2,775,213	
Fire Protection	479,572	479,572	473,861	5,711	432,494	
Civil Defense	2,850	2,850	2,809	41	314	
Building Inspections	150,000	280,000	303,699	(23,699)	170,008	
Total Public Safety	3,466,451	3,693,021	3,789,105	(96,084)	3,378,029	
Public Works:						
Street Department:						
Current:						
Employee Benefits	95,923	95,923	104,148	(8,225)	152,185	
Street Maintenance	637,820	637,820	615,163	22,657	592,755	
Storm Sewer Maintenance	101,658	81,658	59,485	22,173	47,535	
Snow and Ice Removal	75,629	75,629	58,817	16,812	72,931	
Other	569,186	612,692	588,858	23,834	560,004	
Capital Outlay - Streets	11,500	25,038	-	25,038	518,120	
Capital Lease Payments:						
Principal	78,338	76,480	88,287	(11,807)	31,014	
Interest	20,799	22,657	21,595	1,062	82,167	
Total Public Works	1,590,853	1,627,897	1,536,353	91,544	2,056,711	
Sanitation:						
Current	956,421	1,014,221	989,178	25,043	945,738	
Total Public Works	2,547,274	2,642,118	2,525,531	116,587	3,002,449	

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, 2021
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)

	2021				2020	
	Original Budget	Final Budget	Actual	Variance from Final Budget		Actual
Culture and Recreation Continued:						
Community Center:						
Current:						
Wages, Contract Pay, and Benefits	\$ 140,751	\$ 128,751	\$ 130,331	\$ (1,580)	\$ 127,593	
Maintenance and Repair	15,000	30,000	30,405	(405)	27,548	
Utilities	15,000	15,000	12,962	2,038	12,348	
Miscellaneous	57,350	59,350	59,036	314	45,928	
Capital Outlay	15,000	18,735	18,735	-	-	
Total Community Center	<u>243,101</u>	<u>251,836</u>	<u>251,469</u>	<u>367</u>	<u>213,417</u>	
Total Expenditures	<u>7,796,653</u>	<u>8,135,397</u>	<u>8,132,551</u>	<u>2,846</u>	<u>8,256,503</u>	
REVENUES OVER (UNDER) EXPENDITURES	111,992	38,784	221,991	183,207	350,002	
OTHER FINANCING SOURCES (USES)						
Equipment Certificate Proceeds	469,016	469,016	-	(469,016)	442,448	
Proceeds from Sale of Capital Assets	105,000	228,349	228,349	-	107,447	
Capital Lease Proceeds	(469,016)	(469,016)	-	469,016	90,151	
Transfer In	900,000	900,000	900,000	-	979,985	
Transfer Out	(1,116,992)	(1,116,992)	(1,116,992)	-	(1,364,965)	
Total Other Financing Sources (Uses)	<u>(111,992)</u>	<u>11,357</u>	<u>11,357</u>	<u>-</u>	<u>255,066</u>	
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 50,141</u>	<u>233,348</u>	<u>\$ 183,207</u>	<u>605,068</u>	
Fund Balance - Beginning of Year			7,211,870		6,606,802	
FUND BALANCE - END OF YEAR			<u>\$ 7,445,218</u>		<u>\$ 7,211,870</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, 2021

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 2021.
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, 2021

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	\$ 9,066,440	\$ 9,348,458	\$ 474,954	\$ 5,568,040	\$ 5,760,976
Funds Included in General Fund for GASB Statement No. 54 Purposes:					
Park Fund	(711,898)	(1,215,907)	(463,597)	1,643,830	1,684,242
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	<u>\$ 8,354,542</u>	<u>\$ 8,132,551</u>	<u>\$ 11,357</u>	<u>\$ 7,211,870</u>	<u>\$ 7,445,218</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

2021

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

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

CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2021

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

A. General Employees Fund (Continued)

2020 (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019

Changes in Actuarial Assumptions

- The 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.

CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2021

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)

- Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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.

CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2021

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

A. General Employees 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 2035 and 2.5% per year thereafter.

Changes in Plan Provisions

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

B. Police and Fire Fund

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

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, 2021

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

B. Police and Fire Fund (Continued)

2020

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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.

CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2021

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

B. Police and Fire Fund (Continued)

2017 (Continued)

Changes in Actuarial Assumptions (Continued)

- The 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.

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.

CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2021

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

B. Police and Fire Fund (Continued)

2015 (Continued)

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

2021

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

SUPPLEMENTARY INFORMATION

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

CITY OF BUFFALO, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	2021		
	Fire Fund	Library Fund	Civic Center Fund
ASSETS			
Cash and Investments	\$ 580,656	\$ 136,539	\$ -
Taxes Receivable	-	889	-
Delinquent	-	-	-
Accounts Receivable	-	-	59,129
Due from Other Governments	-	652	58,830
Inventory	-	-	-
Prepaid Items	453	-	3,952
Loans Receivable, Net of Allowance	-	-	-
Land Held for Resale	-	-	-
Total Assets	\$ 581,109	\$ 138,080	\$ 121,911
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE (DEFICIT)			
LIABILITIES			
Accounts and Contracts Payable	\$ 19,904	\$ 18,037	\$ 55,543
Other Accrued Liabilities	29,094	95	4,324
Advance From Other Funds	-	-	2,338,748
Unearned Revenue	-	-	4,050
Deposits - Escrow	-	-	-
Total Liabilities	48,998	18,132	2,402,665
DEFERRED INFLOW OF RESOURCES			
Unavailable Taxes	-	889	-
Unavailable Loans Receivables	-	-	-
Total Deferred Inflow of Resources	-	889	-
FUND BALANCES (DEFICIT)			
Nonspendable	453	-	3,952
Committed	531,658	119,059	-
Unassigned	-	-	(2,284,706)
Total Fund Balances (Deficit)	532,111	119,059	(2,280,754)
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficit)	\$ 581,109	\$ 138,080	\$ 121,911

CITY OF BUFFALO, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

The HRA of Buffalo Fund	Airport Fund	2021 Total	2020 Total
\$ 361,784	\$ 157,538	\$ 1,236,517	\$ 1,100,185
2,704	66	3,659	3,065
(11)	3,397	62,515	29,452
2,124	129,799	191,405	119,817
-	9,635	9,635	13,490
-	-	4,405	7,746
12,198	-	12,198	15,106
<u>214,400</u>	<u>-</u>	<u>214,400</u>	<u>214,400</u>
<u>\$ 593,199</u>	<u>\$ 300,435</u>	<u>\$ 1,734,734</u>	<u>\$ 1,503,261</u>
\$ 163	\$ 18,356	\$ 112,003	\$ 153,007
-	1,100	34,613	23,697
-	-	2,338,748	2,441,328
-	-	4,050	800
<u>3,571</u>	<u>-</u>	<u>3,571</u>	<u>3,571</u>
<u>3,734</u>	<u>19,456</u>	<u>2,492,985</u>	<u>2,622,403</u>
2,704	66	3,659	3,065
12,198	-	12,198	15,106
<u>14,902</u>	<u>66</u>	<u>15,857</u>	<u>18,171</u>
-	9,635	14,040	21,236
574,563	271,278	1,496,558	1,284,651
-	-	(2,284,706)	(2,443,200)
<u>574,563</u>	<u>280,913</u>	<u>(774,108)</u>	<u>(1,137,313)</u>
<u>\$ 593,199</u>	<u>\$ 300,435</u>	<u>\$ 1,734,734</u>	<u>\$ 1,503,261</u>

CITY OF BUFFALO, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)

	2021		
	Fire Fund	Library Fund	Civic Center Fund
REVENUE			
General Property Taxes	\$ -	\$ 84,674	\$ -
Tax Increments	- -	- -	- -
Intergovernmental	148,826	41,260	- -
Charges for Services	710,042	- -	602,915
Investment Earnings (Loss)	527	97	(2,471)
Refunds and Reimbursements	19,440	248	4,563
Grants and Contributions	4,877	- -	50,000
Miscellaneous	- -	- -	520
Total Revenue	883,712	126,279	655,527
EXPENDITURES			
Current:			
Public Safety	653,484	- -	- -
Culture and Recreation	- -	82,731	662,331
Community Development	- -	- -	- -
Capital Outlay:			
Public Safety	12,120	- -	- -
Culture and Recreation	- -	- -	9,773
Debt Service:			
Principal	178,270	- -	- -
Interest and Fiscal Charges	17,931	- -	- -
Total Expenditures	861,805	82,731	672,104
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	21,907	43,548	(16,577)
OTHER FINANCING SOURCES (USES)			
Transfer In	- -	- -	175,000
Transfer Out	- -	- -	- -
Issuance of Bonds	- -	- -	- -
Bond Premium	- -	- -	- -
Proceeds from Sale of Capital Assets	- -	- -	- -
Capital Lease Proceeds	- -	- -	- -
Total Other Financing Sources (Uses)	- -	- -	175,000
NET CHANGE IN FUND BALANCE	21,907	43,548	158,423
Fund Balance (Deficit) - Beginning of Year	510,204	75,511	(2,439,177)
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 532,111</u>	<u>\$ 119,059</u>	<u>\$ (2,280,754)</u>

CITY OF BUFFALO, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)

The HRA of Buffalo Fund	Airport Fund	2021 Total	2020 Total
\$ 282,716	\$ -	\$ 367,390	\$ 343,500
174,617	-	174,617	104,846
-	394,744	584,830	925,447
2,902	290,453	1,606,312	1,443,592
413	85	(1,349)	(3,662)
-	1,448	25,699	31,145
-	-	54,877	50,000
-	-	520	2,280
460,648	686,730	2,812,896	2,897,148
-	-	653,484	556,385
-	310,557	1,055,619	1,269,093
201,245	-	201,245	660,060
-	-	12,120	274,485
-	351,005	360,778	1,808,787
-	-	178,270	158,213
-	-	17,931	20,405
201,245	661,562	2,479,447	4,747,428
259,403	25,168	333,449	(1,850,280)
-	50,000	225,000	465,000
(195,244)	-	(195,244)	(160,152)
-	-	-	1,205,000
-	-	-	66,087
-	-	-	4,556
-	-	-	215,434
(195,244)	50,000	29,756	1,795,925
64,159	75,168	363,205	(54,355)
510,404	205,745	(1,137,313)	(1,082,958)
\$ 574,563	\$ 280,913	\$ (774,108)	\$ (1,137,313)

CITY OF BUFFALO, MINNESOTA
FIRE SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance with Budget	Actual
REVENUES					
Fire Contracts and Charges	\$ 710,042	\$ 710,042	\$ 710,042	\$ -	\$ 689,430
Intergovernmental:					
State Aid and Grants	123,500	148,826	148,826	-	146,311
Grants and Contributions	-	4,877	4,877	-	-
Investment Earnings	1,000	1,000	527	(473)	794
Refunds and Reimbursements	-	5,376	19,440	14,064	-
Miscellaneous	-	-	-	-	1,500
Total Revenues	834,542	870,121	883,712	13,591	838,035
EXPENDITURES					
Public Safety:					
Fire Relief	120,000	140,676	140,676	-	134,061
Wages and Benefits	230,021	238,891	229,588	9,303	186,774
Truck Expense	10,000	7,500	5,913	1,587	2,231
Supplies	37,500	32,500	27,673	4,827	41,309
Repairs and Maintenance	47,500	57,500	64,832	(7,332)	42,326
Radio and Telephone	28,500	16,500	15,224	1,276	11,690
Utilities	25,000	20,000	18,316	1,684	17,503
Insurance	75,000	90,156	90,171	(15)	64,558
Training	15,000	16,092	16,092	-	13,339
Other	48,304	45,771	44,999	772	42,594
Capital Outlay	50,000	50,000	12,120	37,880	274,485
Capital Lease					
Principal	178,890	178,890	178,270	620	153,431
Interest	18,827	18,827	17,931	896	22,969
Total Expenditures	884,542	913,303	861,805	51,498	1,007,270
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	(50,000)	(43,182)	21,907	65,089	(169,235)
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	-	-	-	-	215,434
Proceeds on Sale of Capital Assets	-	-	-	-	4,556
Total Other Financing Sources	-	-	-	-	219,990
NET CHANGE IN FUND BALANCE					
	\$ (50,000)	\$ (43,182)	21,907	\$ 65,089	50,755
Fund Balance - Beginning of Year			510,204		459,449
FUND BALANCE - END OF YEAR					
			\$ 532,111		\$ 510,204

CITY OF BUFFALO, MINNESOTA
LIBRARY SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance from Final Budget	Actual
REVENUES					
General Property Taxes	\$ 84,659	\$ 84,659	\$ 84,674	\$ 15	\$ 80,957
Intergovernmental	300	41,560	41,260	(300)	-
Investment Earnings	-	-	97	97	244
Refunds and Reimbursements	-	-	248	248	-
Total Revenues	84,959	126,219	126,279	60	81,201
EXPENDITURES					
Culture and Recreation:					
Wages and Benefits	3,021	3,021	613	2,408	556
Supplies and Maintenance	25,800	25,800	31,715	(5,915)	42,156
Insurance	1,350	1,350	1,515	(165)	1,282
Telephone	750	750	701	49	638
Utilities	29,000	22,000	22,998	(998)	22,399
Other	27,854	27,854	25,189	2,665	9,629
Capital Outlay - Equipment	-	-	-	-	67,100
Total Expenditures	87,775	80,775	82,731	(1,956)	143,760
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,816)	45,444	43,548	(1,896)	(62,559)
OTHER FINANCING SOURCES					
Transfers In	-	-	-	-	15,000
NET CHANGE IN FUND BALANCE	\$ (2,816)	\$ 45,444	\$ 43,548	\$ (1,896)	\$ (47,559)
Fund Balance - Beginning of Year			75,511		123,070
FUND BALANCE - END OF YEAR			\$ 119,059		\$ 75,511

CITY OF BUFFALO, MINNESOTA
CIVIC CENTER SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance from Final Budget	Actual
REVENUES					
Charges for Services:					
Ice Time	\$ 460,000	\$ 500,709	\$ 534,093	\$ 33,384	\$ 358,380
Building Rent	15,000	15,000	9,256	(5,744)	9,905
Lease Payment	40,000	40,000	40,000	-	40,000
Gate Receipts and Concessions	9,500	9,500	3,500	(6,000)	3,550
Other	10,000	16,185	16,066	(119)	6,683
Grants and Contributions	50,000	50,000	50,000	-	50,000
Investment Earnings (Loss)	(8,000)	(8,000)	(2,471)	5,529	(5,788)
Refunds and Reimbursements	-	1,853	4,563	2,710	31,145
Miscellaneous	1,200	1,200	520	(680)	780
Total Revenues	577,700	626,447	655,527	29,080	494,655
EXPENDITURES					
Culture and Recreation:					
Wages and Benefits	258,714	261,842	267,475	(5,633)	238,129
Maintenance and Repair	70,000	88,054	102,605	(14,551)	114,081
Utilities	185,000	185,000	216,005	(31,005)	169,924
Other	60,045	59,647	56,086	3,561	75,738
Insurance	16,500	20,142	20,160	(18)	15,758
Lease Rent Payments	-	-	-	-	252,557
Capital Outlay	61,000	9,773	9,773	-	1,420,000
Debt Service:					
Principal	-	-	-	-	2,211
Interest	-	-	-	-	7
Total Expenditures	651,259	624,458	672,104	(47,646)	2,288,405
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	(73,559)	1,989	(16,577)	(18,566)	(1,793,750)
OTHER FINANCING SOURCES					
Transfer In	175,000	175,000	175,000	-	400,000
Issuance of Bonds	-	-	-	-	1,205,000
Bond Premium	-	-	-	-	66,087
Total Other Financing Sources	175,000	175,000	175,000	-	1,671,087
NET CHANGE IN FUND BALANCE					
	\$ 101,441	\$ 176,989	158,423	\$ (18,566)	(122,663)
Fund Deficit - Beginning of Year			(2,439,177)		(2,316,514)
FUND DEFICIT - END OF YEAR					
			\$ (2,280,754)		\$ (2,439,177)

CITY OF BUFFALO, MINNESOTA
AIRPORT SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)

	2021				2020	
	Original Budget	Final Budget	Actual	Variance from Final Budget	Actual	
REVENUES						
Intergovernmental:						
Federal Grants	\$ 319,882	\$ 270,360	\$ 287,380	\$ 17,020	\$ 241,445	
State Aid and Grants	79,468	88,223	107,364	19,141	23,863	
Total Intergovernmental	399,350	358,583	394,744	36,161	265,308	
Charges for Services	313,390	297,430	290,453	(6,977)	330,182	
Investment Earnings (Loss)	250	250	85	(165)	214	
Refunds and Reimbursement	-	-	1,448	1,448	-	
Total Revenues	712,990	656,263	686,730	30,467	595,704	
EXPENDITURES						
Culture and Recreation:						
Wages and Benefits	37,108	37,108	39,290	(2,182)	41,676	
Other	279,833	281,355	271,267	10,088	284,570	
Capital Outlay	409,178	346,335	351,005	(4,670)	321,687	
Total Expenditures	726,119	664,798	661,562	3,236	647,933	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,129)	(8,535)	25,168	33,703	(52,229)	
OTHER FINANCING SOURCES (USES)						
Transfer In	50,000	50,000	50,000	-	50,000	
NET CHANGE IN FUND BALANCE	\$ 36,871	\$ 41,465	75,168	\$ 33,703	(2,229)	
Fund Balance - Beginning of Year			205,745		207,974	
FUND BALANCE - END OF YEAR			\$ 280,913		\$ 205,745	

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 120-125

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 126-130

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 131-136

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 137-139

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 140-141

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 32,405,054
Restricted	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	7,872,803
Unrestricted	(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	1,034,440
Total Governmental Activities Net Position	<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>	<u>\$ 41,312,297</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 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	\$ 24,169,329
Unrestricted	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	6,390,825
Total Business-Type Activities Net Position	<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>	<u>\$ 30,560,154</u>
Primary Government										
Net Investment in Capital Assets	\$ 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	\$ 56,574,383
Restricted	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	7,872,803
Unrestricted	(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	7,425,265
Total Primary Government Net Position	<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>	<u>\$ 71,872,451</u>

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental Activities:										
General Government	\$ 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	\$ 2,015,409
Public Safety	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	4,985,280
Highways and Streets	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	4,025,170
Sanitation	760,232	731,827	758,092	781,798	761,236	882,131	912,767	930,813	945,299	990,076
Culture and Recreation	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	3,252,781
Community Development	455,445	183,456	161,506	198,414	146,380	605,787	291,164	173,874	661,033	204,050
Interest on Long-Term Debt	983,301	872,144	675,889	737,836	488,283	756,520	701,076	1,061,980	928,355	456,266
Total Governmental Activities Expenses	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	15,929,032
Business-Type Activities:										
Electric	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	14,946,495
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	3,240,860
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	4,279,897
Liquor	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	6,253,792
Golf Course	1,159,274	1,225,553	1,139,642	1,203,375	858,249	983,798	970,695	1,980,357	1,477,938	1,208,759
Total Business-Type Activities Expenses	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	29,929,803
Total Primary Government Expenses	\$ 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	\$ 45,858,835
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 776,935	\$ 807,146	\$ 897,932	\$ 1,160,401	\$ 981,992	\$ 987,760	\$ 1,042,374	\$ 1,560,261	\$ 1,047,702	\$ 1,130,179
Public Safety	568,994	667,141	691,320	689,598	701,239	726,723	708,271	752,111	1,533,403	1,837,408
Highways and Streets	2,545	3,025	2,722	5,815	27,954	122,239	5,534	34,002	8,741	895,129
Sanitation	854,197	863,975	876,341	895,712	912,988	939,105	952,871	962,600	978,536	1,052,378
Culture and Recreation	986,699	991,944	905,078	924,473	867,766	919,619	1,114,543	1,000,931	891,895	1,267,088
Community Development	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	466,781	489,657	526,392	536,123	633,031	645,969	654,612	1,043,447	1,914,315	398,819
Capital Grants and Contributions	397,335	627,005	2,074,658	6,660,393	1,019,331	57,615	74,189	370,556	2,323,299	3,075,459
Total Governmental Activities										
Program Revenues	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	9,656,460
Business-Type Activities:										
Charges for Services:										
Electric	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	17,196,019
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	3,562,152
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	5,313,402
Liquor	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	6,758,008
Golf Course	624,966	636,754	594,905	626,816	666,501	660,347	671,680	1,167,972	1,285,592	1,332,882
Operating Grants and Contributions	-	-	163,549	144,008	149,866	142,689	173,751	164,240	178,237	156,259
Capital Grants and Contributions	403,715	290,019	356,776	369,510	363,838	488,511	541,562	1,901,846	1,381,239	1,303,832
Total Business-Type Activities										
Program Revenues	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	35,622,554
Total Primary Government										
Program Revenues	\$ 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	\$ 45,279,014

* Water and Sewer activity combined in FY2011

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense)/Revenue:										
Governmental Activities	\$ (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)	\$ (6,272,572)
Business-Type Activities	(614,238)	(758,891)	(1,064,503)	(395,432)	541,568	516,601	2,738,551	3,838,743	3,860,564	5,692,751
Total Government Net Expense	\$ (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)	\$ (579,821)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 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	\$ 8,261,145
Tax Increments	297,202	245,253	137,744	264,026	263,658	62,216	96,045	97,572	104,846	134,531
Other Taxes	1,483	1,830	2,095	2,144	2,199	2,372	4,633	395	1,931	2,435
Unrestricted Grants and Contributions	265,144	166,577	760,241	834,909	868,995	756,383	918,242	879,883	1,005,846	1,235,155
Investment Earnings (Loss)	8,622	80,915	3,416	9,366	12,076	88,024	95,191	191,538	126,533	10,652
Insurance Proceeds	-	-	16,315	-	-	-	-	30,552	-	-
Gain on Disposal of Capital Assets	-	360	-	26,276	5,770	8,298	15,623	-	14,803	228,349
Miscellaneous	25,772	29,104	67,087	27,748	12,638	20,606	13,508	201,240	105,263	39,216
Transfer	5,266,194	1,656,507	795,786	476,931	(435,746)	1,052,611	1,395,000	1,475,000	1,475,000	1,406,467
Total Governmental Activities	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	11,317,950
Business-Type Activities:										
Taxes:										
Property Taxes	153,037	289,099	639,400	572,899	611,370	849,075	1,147,728	789,657	738,533	951,529
Unrestricted Grants and Contributions	824	-	-	-	-	-	-	-	-	-
Investment Earnings	14,864	6,434	31,264	20,188	25,766	18,721	32,732	48,885	26,617	10,193
Insurance Proceeds	-	-	5,501	-	-	-	-	308,964	39,343	88,657
Gain on Disposal of Capital Assets	-	-	-	-	-	-	9,457	3,943	12,763	4,048
Miscellaneous	126,038	87,849	17,001	10,846	6,137	958	2,208	216,314	239,518	302,590
Transfer	(5,266,194)	(1,656,507)	(795,786)	(476,931)	435,746	(1,052,611)	(1,395,000)	(1,475,000)	(1,475,000)	(1,406,467)
Total Business-Type Activities	(4,971,431)	(1,273,125)	(108,121)	132,503	1,079,019	(183,857)	(202,875)	(107,237)	(418,226)	(49,450)
Total Government	\$ 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	\$ 11,268,500
Change in Net Position:										
Governmental Activities	\$ 2,518,631	\$ (557,103)	\$ (414,706)	\$ 2,810,085	\$ (3,001,973)	\$ (1,033,469)	\$ 133,712	\$ 907,436	\$ 2,093,525	\$ 5,045,378
Business-Type Activities	(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	5,643,301
Total Primary Government	\$ (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	\$ 10,688,679

Source: City Records

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Nonspendable	\$ 7,800	\$ 18,128	\$ 7,925	\$ 43,206	\$ 18,363	\$ 78,615	\$ 77,158	\$ 2,485,638	\$ 2,506,536	\$ 2,396,958
Unassigned	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	3,364,018
Total General Fund	<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>	<u>\$ 5,760,976</u>
All Other Governmental Funds:										
Nonspendable	\$ 1,997,409	\$ 72,062	\$ 63,471	\$ 56,561	\$ 26,817	\$ 323,419	\$ 246,630	\$ 230,884	\$ 21,236	\$ 14,040
Restricted	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	7,789,334
Committed	1,213,756	563,833	600,217	404,907	1,781,344	2,911,900	2,768,189	2,829,397	2,839,486	2,073,157
Assigned	628,921	797,268	932,318	1,084,590	-	-	-	-	-	-
Unassigned	(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)	(3,776,510)
Total All Other Government Funds	<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>	<u>\$ 6,100,021</u>
Total Government Funds:										
Nonspendable	\$ 2,005,209	\$ 90,190	\$ 71,396	\$ 99,767	\$ 45,180	\$ 402,034	\$ 323,788	\$ 2,716,522	\$ 2,527,772	\$ 2,410,998
Restricted	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	7,789,334
Committed	1,213,756	563,833	600,217	404,907	1,781,344	2,911,900	2,768,189	2,829,397	2,839,486	2,073,157
Assigned	628,921	797,268	932,318	1,084,590	-	-	-	-	-	-
Unassigned	(2,799,189)	(1,741,839)	(1,515,679)	(851,419)	(321,978)	(99,561)	772,910	(1,297,616)	(1,025,155)	(412,492)
Total Government Funds	<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>	<u>\$ 11,860,997</u>

Source: City Records

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
General Property Taxes	\$ 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	\$ 8,208,022
Tax Increments	103,775	134,319	69,958	69,085	58,002	62,216	96,045	97,572	104,846	174,617
Other Taxes	1,483	1,830	2,095	2,144	2,199	2,372	4,633	395	1,931	2,435
Licenses and Permits	200,906	261,664	260,329	382,675	361,151	357,042	432,679	579,621	458,071	543,102
Intergovernmental	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	5,134,671
Special Assessments	143,131	130,330	256,816	90,361	47,390	63,217	54,388	28,230	130,253	30,047
Charges for Services	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	3,560,190
Fines and Forfeits	30,756	32,703	32,468	31,465	37,156	38,814	33,563	35,529	39,538	45,751
Investment Earnings (Loss)	274,895	308,158	268,083	261,440	141,173	90,074	96,125	188,263	124,973	9,005
Refunds and Reimbursements	343,406	352,663	437,252	558,919	3,885,370	371,179	353,692	381,614	1,739,379	374,087
Grants and Contributions	147,006	101,668	98,809	99,144	141,763	123,900	124,316	93,114	135,344	209,257
Miscellaneous	47,900	29,605	67,357	27,768	12,789	20,615	20,218	24,575	54,040	7,291
Total Revenues	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	18,298,475
Expenditures:										
Current:										
General Government	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	1,496,297
Public Safety	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	4,391,630
Public Works	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	1,426,471
Sanitation	760,232	731,827	758,092	781,798	761,236	882,131	912,767	930,813	945,738	989,178
Culture and Recreation	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	2,433,862
Community Development	372,926	220,628	119,790	174,510	132,333	108,271	190,395	173,874	660,560	203,245
Capital Outlay:										
General Government	20,798	142,697	56,813	16,120	-	-	6,831	260,250	85,709	39,799
Public Safety	912,565	95,333	159,373	186,584	266,509	98,441	56,092	823,770	340,192	5,429,448
Public Works	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	2,872,242
Sanitation	-	6,665	-	-	-	-	-	-	-	-
Culture and Recreation	217,647	140,286	243,888	153,382	461,189	192,102	258,081	650,512	1,814,012	528,481
Community Development	1,333,745	529,447	43,569	133,242	9,981	58,574	80,472	-	-	-
Debt Service:										
Capital Leases:										
Principal	220,893	312,945	261,868	288,728	399,108	408,830	329,402	378,783	346,539	393,315
Interest and Fiscal Charges	14,511	19,329	17,543	14,872	15,962	17,560	12,187	27,608	40,054	30,883
Bonds and Loans:										
Principal	1,176,651	1,099,295	878,455	1,116,163	929,133	847,277	747,499	962,214	1,008,326	2,319,956
Interest	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	819,423
Total Expenditures	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	23,374,230
Excess (Deficiency) of Revenues Over (Under) Expenditures	(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)	(5,075,755)

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other Financing Sources (Uses):										
Transfers In	\$ 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	\$ 3,073,165
Transfers Out	(2,411,362)	(494,648)	(335,210)	(709,851)	(656,554)	(1,892,393)	(2,494,195)	(1,745,778)	(1,673,464)	(1,666,698)
Issuance of Bonds	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	228,349
Insurance Proceeds	-	-	16,315	-	-	-	-	-	-	764,600
Capital Lease Proceeds	916,981	178,894	319,565	149,624	768,958	118,164	64,540	1,108,750	305,585	540,650
Issuance of Refunding Bonds	-	-	-	-	-	-	-	-	1,340,000	-
Payment of Refunded Bonds	(1,295,000)	-	-	-	-	-	-	(3,092,990)	(1,340,000)	(2,005,000)
Bond Premium	60,266	187,745	-	199,451	80,704	-	-	951,507	312,678	-
Total Other Financing Sources (Uses)	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	935,066
Net Change in Fund Balances	\$ 1,227,182	\$ 1,517,772	\$ (1,271,888)	\$ 3,591,305	\$ 715,549	\$ (164,353)	\$ 404,664	\$ 5,103,482	\$ 1,450,983	\$ (4,140,689)
Debt Service as % of Noncapital Expenditures	31.90%	31.50%	27.71%	31.73%	45.91%	39.80%	26.73%	40.71%	28.78%	24.62%

Source: City Records

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

Fiscal Year	Property	Tax Increment	Lodging	Total
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
2021	9,212,674	134,531	2,435	9,349,640
Change 2012-2021	64.87%	-54.73%	64.19%	58.83%

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
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
2021	12,352,958	3,854,819	264,116	143,798	16,328,095	54.26	1,447,284,400	1.13

Source: Wright County

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

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

CITY OF BUFFALO, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
2021 AND 2012

Taxpayer	2021			2012				
	Net Tax Capacity	Rank	Percentage of of Total Net Tax Capacity		Net Tax Capacity	Rank	Percentage of of Total Net Tax Capacity	
			Net Tax Capacity	Rank			Net Tax Capacity	Rank
TKG Wright County Center, LLC	\$ 280,892	1	1.72 %	\$ 309,684	1	2.80 %		
Pfeifer Property Management, LLC	247,936	2	1.52	60,549	10	0.55		
Menards, Inc	156,828	3	0.96	178,592	2	1.61		
Buffalo Clinic Building Partnership	151,628	4	0.93	132,300	3	1.19		
Target Corporation	111,164	5	0.68	116,590	4	1.05		
Ryan Buffalo Land Company, LLC	102,808	6	0.63	98,756	5	0.89		
CenterPoint Energy	98,596	7	0.60	73,008	7	0.66		
Marohn Family, LLC	97,320	8	0.60	98,418	6	0.89		
Hidden Cove Apartments, LLC	85,149	9	0.52	-	-	-		
Whirltronics	72,722	10	0.45	-	-	-		
Monticello Athletic Club, Inc	-	-	-	67,738	8	0.61		
Total	\$ 1,405,043		8.61 %	\$ 1,135,635		10.25 %		
Total Net Tax Capacity	\$ 16,328,095			\$ 11,075,696				

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	
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	18,150	7,336,444	100.00	
2018	7,906,723	7,898,084	99.89	7,396	7,905,480	99.98	
2019	8,027,464	7,998,613	99.64	16,827	8,015,440	99.85	
2020	8,439,165	8,395,716	99.49	29,138	8,424,854	99.83	
2021	8,859,177	8,811,640	99.46	-	8,811,640	99.46	

Source: City Records

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

Fiscal Year	City of Buffalo				Overlapping Rates				Total Direct and Overlapping Rates
	Operating	Debt Service	Referendum Mkt. Value	Total	Wright County	Operating	School District	Referendum Mkt. Value	
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
2021	29.589	24.667	-	54.256	43.719	27.2	0.2326	10.259	135.667

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												Notes Payable	
	General Obligation	General Obligation Revenue	Special Assessment		General Obligation Tax Abatement			Premiums			Discounts			
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	-						
2021	21,113,400	46,815	-	2,555,000	1,005,886	-	1,356,813	-						

* 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					Loans Payable	Capital Lease Purchase	Total Government	Percentage of Personal Income*		Per Capita*	
			Tax Abatement	Premiums	Discounts									
\$ 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	15.59	5,793.89				
2,996,600	47,963,183	5,705,000	2,540,000	1,031,654	-	426,399	296,265	87,037,015	^	^				

[^] Information not available for the 2021 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
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	92,494,658	1,699,411	9,259,032	84,935,037	8.3	5,269.25
2017	92,256,487	1,677,908	6,803,376	87,131,019	8.2	5,362.90
2018	87,697,882	1,540,153	6,750,541	82,487,494	7.2	5,005.61
2019	86,338,407	2,951,959	3,640,292	85,650,074	7.0	5,172.73
2020	86,499,475	2,940,478	4,805,868	84,634,085	6.4	5,077.03
2021	78,868,076	2,037,540	5,959,006	74,946,610	5.2	4,465.36

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, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
City Direct Debt	\$ 26,077,914	100.00%	\$ 26,077,914
Overlapping Debt:			
Wright County	91,645,000	7.4%	6,825,628
Independent School District No 877	51,295,000	33.6%	<u>17,233,889</u>
Total Overlapping Debt			<u>24,059,517</u>
Total Direct and Overlapping Debt			<u>\$ 50,137,431</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**

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

Fiscal Year	Revenue Bonds ¹						Coverage
	Operating Revenues ²	Less Operating Expenses	Net Available Revenue	Debt Service	Principal	Interest	
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
2021	27,259,514	18,667,415	8,592,099	6,430,043		1,424,488	1.09

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
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	623,724,720	37,416	36.5	5,327	5.1
2021	16,784	*	*	37.1	5,500	4.5

* Information not available for the 2021 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	2021			2012		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
I.S.D. No. 877 (Buffalo-Hanover-Montrose)	900	1	1.23 %	674	2	0.96 %
Wright County	787	2	1.08	750	1	1.07
Buffalo Hospital	530	3	0.73	498	3	0.71
Walmart Supercenter	350	4	0.48	350	5	0.50
Functional Industries, Inc.	285	5	0.39	461	4	0.66
Park View Care Center	200	6	0.27	200	7	0.28
Cub Foods	195	7	0.27	195	8	0.28
Menards	150	8	0.21	140	10	0.19
Centrasota Cooperative	150	9	0.21	-	-	-
Stellis Health - Buffalo Clinic	130	10	0.18	240	6	0.33
Lake Ridge Care Center	-	-	-	168	9	0.24
Total	<u>3,677</u>			<u>3,676</u>		
Total Employees in Wright County	<u>72,962</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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	11.69	12.27	12.47	10.88	11.83	11.67	10.38	10.12	15.18	13.86
Public Safety:										
Police:										
Officers	17.19	17.41	17.24	18.00	17.81	17.73	17.19	17.51	17.79	18.20
Civilians	3.53	2.93	2.50	2.47	2.50	2.52	3.01	3.02	3.30	3.05
Fire:										
Fire Administration	0.13	0.12	0.15	0.14	0.13	0.13	0.14	0.14	0.86	1.00
Paid On-call volunteers	2.69	2.43	2.65	2.40	2.45	2.84	2.69	2.75	2.87	2.91
Public Works:										
Engineering	1.98	1.98	2.00	2.00	1.09	1.01	1.00	1.01	1.04	1.04
Maintenance	15.44	14.97	15.11	13.50	14.71	16.51	15.65	16.22	16.76	7.93
Culture and Recreation	18.50	17.70	17.43	18.83	18.04	17.60	18.20	27.24	24.58	26.95
Municipal Liquor	10.98	11.18	11.16	11.76	11.88	11.66	11.61	11.19	14.25	11.78
Electric	11.45	11.28	11.91	12.07	11.16	12.03	12.14	14.70	15.77	11.44
Sewer	7.62	7.54	7.36	5.87	6.11	7.68	7.61	7.83	8.76	8.44
Water	5.63	5.97	7.09	6.61	6.48	6.40	5.44	5.57	6.32	7.50
Total	106.83	105.76	107.06	104.52	104.21	107.78	105.07	117.30	127.47	114.10

Source: City of Buffalo Finance Department

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

FUNCTION/PROGRAM	Fiscal Year										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
General Government											
Planning:											
# of land use applications	14	21	15	31	29	24	27	22	25	25	
Building/environmental:											
# of Permits issued	739	679	658	761	775	607	693	774	1,245	1,437	
Valuation of permits (thousands of dollars)	\$ 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	\$ 60,280,845	
Public Safety											
Police:											
# of police calls	10,803	10,305	11,217	10,993	11,744	12,055	10,707	12,248	11,953	11,563	
# of traffic citations	567	539	657	843	387	474	422	299	412	378	
Fire:											
# of fire calls	234	214	234	180	244	221	225	270	251	272	
Public Works											
Snowplowing (hours)	1,843	3,337	3,752	1,389	1,376	1,374	2,383	4,764	2,231	1,747	
Culture and Recreation:											
Golf Course (rounds)	21,966	21,828	20,504	22,021	21,729	22,104	20,321	20,462	28,986	20,622	
Park Shelter Rentals	96	80	79	80	75	69	63	60	35	80	
Ice arena usage (hours)	*	*	*	*	3,043	2,887	3,150	2,876	2,262	2,262	
Electric											
Number of Customers	5,667	5,701	5,746	5,902	5,953	5,980	6,046	6,111	6,287	6,330	
Annual Wholesale Energy (thousands of KWh's)	117,065	116,722	116,196	117,856	119,170	115,949	118,992	117,313	123,563	123,100	
Annual Peak Demand (KW)	28,014	28,787	26,697	26,178	27,971	27,799	28,065	28,225	29,194	30,946	
Sewer											
Number of Customers	5,063	5,093	5,120	5,180	5,221	5,270	5,331	5,391	5,447	5,353	
Water											
Number of Customers	5,063	5,093	5,120	5,180	5,221	5,270	5,331	5,391	5,447	5,417	
Average daily consumption (thousands of gallons)	1,486	1,559	1,613	1,728	1,982	1,976	1,892	1,850	1,940	1,225	

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										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Public Safety:											
Police:											
# of Stations	1	1	1	1	1	1	1	1	1	1	
# of Patrol Cars/Vehicles	7	8	10	11	10	9	9	11	12	12	
Fire:											
# of Stations	2	2	2	2	2	2	2	2	2	2	
Public Works:											
Streets	69	70	70	70	71	71	72	73	75	75	
# of Miles											
Storm Sewer	64	65	65	65	65	65	65	65	66	66	
# of Miles											
Culture and Recreation											
Parks	29	29	29	29	29	30	30	30	30	30	
# of Parks	164	164	164	164	164	165	165	165	165	165	
# of Acres Managed											
Golf Course	174	174	174	174	174	174	174	174	174	174	
# of Acres Managed											
Utilities											
Electric:											
# of distribution stations	1	1	1	1	1	1	1	1	1	1	
# of miles electric distribution	122	122	123	129	129	133	134	136	146	146	
Fiber Optic:											
# of miles fiber optic	29	29	29	29	30	31	34	37	45	45	
Sewer:											
# of miles (sanitary sewer)	77	77	78	78	78	78	78	78	79	79	
# of miles (force main)	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	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	
(thousands of gallons)											
Water:											
# of miles (watermain)	96	98	98	98	99	99	99	99	100	100	
# of wells	5	5	5	5	5	5	5	5	5	5	
# of towers	5	5	5	5	5	5	5	5	5	5	
Maximum daily capacity	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	
(thousands of gallons)											
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.