

**CITY OF FAIRMONT
FAIRMONT, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL
REPORT**

For the Fiscal Year Ended December 31, 2021

Prepared by the City's Finance Department

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INTRODUCTORY SECTION

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May 27, 2022

Honorable Mayor and City Council
City of Fairmont
Fairmont, Minnesota 56031

Honorable Mayor and City Council:

In accordance with the City Charter and State law, I hereby transmit this detailed Comprehensive Annual Financial Report of the City of Fairmont for the year ended December 31, 2021.

Management believes that the data as presented is accurate in all material aspects; and that it is presented in a manner designed to fairly set forth the financial position of the City.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. The City has placed an emphasis on and has been re-evaluating its system of internal accounting controls to assure its citizens that we adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The report has been prepared in accordance with the standards prescribed by the Governmental Accounting Standards Board, the Government Finance Officers Association of the United States and Canada, the American Institute of Certified Public Accountants and the State Auditor's Office of the State of Minnesota, as required by Minnesota Laws 1978, Chapter 787.

Preparation of this report could not be accomplished without the dedicated effort of the Finance Department and support services staff. Their efforts towards upgrading the accounting and financial reporting system of the City have led substantially to the improved quality of information being reported to the City Council, State and Federal agencies, investors and creditors and the citizens of the City of Fairmont.

Respectfully submitted,

City of Fairmont

Cathy Reynolds
City Administrator

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CITY OF FAIRMONT – P.O. Box 751 – 100 Downtown Plaza – Fairmont, MN 56031
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May 27, 2022

To the Honorable Mayor and City Council and Citizens of Fairmont
City of Fairmont
Fairmont, Minnesota 56031

Honorable Mayor and City Council and Citizens of Fairmont:

Submitted herewith is the Comprehensive Annual Financial Report of the City of Fairmont, Minnesota (the City), for the fiscal year ended December 31, 2021. This report was prepared by the City's Finance Division. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, supporting schedules and statistical tables rests with the City. I believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Generally accepted accounting principles (GAAP) require management provide a narrative introducing overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

THE REPORTING ENTITY AND ITS SERVICES

This report includes all of the funds of the City. It includes all activities considered by generally accepted accounting principles to be part of (controlled by or dependent on) the City. This report also includes activities of the Fairmont Economic Development Authority.

Independent School District 2752 is an independent district and not part of the City. Financial data for it is not included in the financial statements in this report. Audited financial statements for the district are available upon request at its business office in Fairmont.

The Housing and Redevelopment Authority of Fairmont (HRA) is considered to be a separate government. The City does not review or approve the budget. Financial data for it is not included in the financial statements in this report. Audited financial statements are available upon request at its business office in Fairmont.

The pension fund for Fairmont's Volunteer Fire Department is administered through their relief association. This association is self-governing with their own Boards of Trustees, by-laws, and officers. Financial data for the pension fund is not included in the financial statements in this report. A financial statement and actuarial information are available upon request.

The City provides the full range of municipal services prescribed by statute or charter. This includes public safety (police and fire), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning and general administrative services. The City also provides enterprise activities including electricity, water and sewer, parking lots, and operates a municipal off sale liquor store.

BUDGETARY CONTROL

Budgetary control is maintained in compliance with the City's Charter requirements. The budget process is focused on the balancing of anticipated revenues and appropriations. The flexibility needed to control and protect the various funds comes from a monthly monitoring of the accounting records to show adequate revenue sources for anticipated expenditures. This monthly monitoring process prevents expenditures from being approved until it has been determined that adequate funds were appropriated, the expenditure is necessary and there are adequate funds available for support.

ECONOMIC CONDITION AND OUTLOOK

- The City of Fairmont is located along the southern border of Minnesota at State Highway 15 and Interstate I-90 in a largely agricultural area. Although the population declined slightly over the last ten years, the number of households has increased. The economy of Fairmont consists of large and small industry and commerce. The industries are diversified between food processors, agribusinesses and a variety of other products. The City's financial base is currently sound with taxable market values increasing 3.5% in 2021. The health care industry in Fairmont is providing significant support for our economy. In addition to the Mayo Health System, the Center for Specialty Care is thriving, Dulcimer Medical Center continues to grow and add staff and most recently, United Hospital District headquartered in Blue Earth, MN has opened a clinic in Fairmont.
- Long term financial planning is a very important function of the City. The City has established a General fund balance of 55 - 65% of expenditures and has consistently been above this limit. This has allowed the City to continue to fund capital expenditures without issuing debt or raising taxes. It has also given the City a cushion for economic changes that are outside its control. The favorable fund balance has also been a positive factor in the City's bond rating.
- The City Council has also developed a program of eliminating blighted housing within the City. Starting in 2008 the City began budgeting \$42,500 per year and in 2019 the budget was increased to \$80,000 per year to help tear down dilapidated housing. Not only has this program helped with the aesthetics of the City, it has maintained and increased valuations within the City.

MAJOR INITIATIVES

For the year –

COVID continued to impact the community in 2021 the city continued to provide a variety of response initiatives such as providing \$100,000 for grants to assist with utility bills, offering \$610,000 in CARES Act Small Business Loans with very favorable terms, offering business support and resources. COVID-19 response was a major priority for staff and our community, who worked tirelessly assisting businesses and individuals in any way possible.

The City of Fairmont continued efforts to ensure Fairmont has an inventory of safe, quality housing for all income levels. The City updated their rental housing code to provide city inspections of rental properties to help promote an inventory of safe rental homes. The city continued demolition of uninhabitable housing to reinvigorate blighted areas. The city, FEDA and the HRA partnered with local business representatives to participate in Minnesota Housing Partnership's, Housing Institute which began July 2020 and concluded in October 2021.

The City adopted a new vacant building ordinance to protect the public health, safety and welfare by establishing a program for the identification and regulation of vacant and abandoned buildings within the city. Neglect of vacant building and the use of vacant building by transients and criminals creates a safety hazard and blight condition for the community. Through this initiative the city will help to identify, register and address vacant buildings to preserve the tax base and property values on buildings within the city.

The Fairmont Economic Development Authority obtained a grant to expand infrastructure to a 38-acre parcel of bare developable land at the intersection of County Road 39 and I-90. This site provides maximum accessibility and visibility to Interstate 90. The construction for this project was conducted in the fall of 2021.

MAJOR INITIATIVES (CONTINUED)

For the year – (Continued)

The city started construction of a new public works facility to house the city's streets, parks, building maintenance and mechanics. The \$9.8M dollar facility will enhance the efficiency of city operations, while improving the overall health and safety of workers and operations. The new facility will be completed in April 2022 and will serve the community for many years to come.

The city completed a Dutch Creek wetland restoration project to help the water quality in our watershed. The city received 1.55M in grant funds from the State of Minnesota to complete this project. The project is the first of its kind temperature-enhanced bioreactor to remove nitrates from the water. This project was completed in partnership with the University of Minnesota and is a pilot for future expansion.

For the future -

The city held a strategic planning session in 2021 to establish their goals and priorities for the city. The strategic plan was adopted in April 2021 and will guide project planning and budgeting for the next few years.

Infrastructure improvement continues to be a community priority. The city is working on a \$19M wastewater treatment plant update, conducting planning to update Gomsrud Park, and implementing an automated metering infrastructure improvement (AMI) which will impact and provide service efficiencies for all water and electric utility customers.

The city is completing an electric distribution system model to identify areas of concern and plan for future load growth within the city's electric service territory. The planning will allow capital improvements to be programmed and adequately funded in the future.

Housing and childcare will continue to be economic development priorities as it is difficult to attract and retain workforce to the community without these two core community needs. Through our work on these initiatives, we will continue to build a place where young people want to come and stay.

The city will be updating the zoning code to improve useability and to bring the code into alignment with the 2040 Comprehensive Plan adopted by council in January 2021. The zoning code update, coupled with the automation of the building and zoning permitting process will work to improve useability, transparency, and efficiency in the city community development process.

INTERNAL ACCOUNTING CONTROLS

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting control. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- 1) the safeguarding of assets against loss from unauthorized use or disposition, and;
- 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

- 1) cost of the control should not exceed the benefits likely to be derived, and;
- 2) evaluation of costs and benefits requires estimates and judgment by management.

The City has placed an emphasis on and continually evaluates its system of internal accounting controls to assure its citizens that we adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

FINANCIAL POLICIES

The City has set a general fund balance requirement in the range of 55 - 65 percent of General fund expenditures. The City has consistently been able to maintain fund balances within or above this range and as of December 31, 2021 the General fund balance was 81.8 percent of General fund expenditures. Council and staff feel that it is important to maintain these balances which will help the City maintain its Aa3 rating with Moody's reducing future borrowing costs, allow for unforeseen expenditures and act as an insurance policy for future State aid reductions.

Financial planning for the City of Fairmont is also based upon the five year Capital Improvement Program. The Capital Improvement Program is reviewed and updated each year during the budget process. The Capital Improvement Program includes projects for which the City must issue debt and/or assess portions of the cost to adjacent or benefited property owners. Because the Council has set limits upon the funds available each year and the City does not wish to issue excessive amounts of debt, these projects need to be reviewed annually, and on occasion reprioritized.

INDEPENDENT AUDIT

State law requires an annual audit of the City's financial records and transactions supporting the financial statements. This requirement has been complied with and the auditors' opinion has been included in this report.

The accompanying financial statements have been examined by BerganKDV independent certified public accountants. The firm is engaged by the City Council to render an opinion on the City's financial statements in accordance with generally accepted auditing standards.

The City Council is responsible for:

- 1) assuring that the City administration fulfills its responsibilities in the preparation of the financial statements, and;
- 2) engaging the independent public accountants with whom the City Council reviews the scope of the audits and the accounting principles to be applied in financial report.

To ensure complete independence, BerganKDV has full and free access to meet with the City Council to discuss the results of their audit and their assessment of the adequacy of internal accounting controls and the quality of financial reporting.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for excellence in financial reporting to the City of Fairmont for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such Comprehensive Annual Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Fairmont has received a Certificate of Achievement for the last thirty (30) consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Honorable Mayor and City Council
May 27, 2022

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without efficient and dedicated services of the entire staff of the Finance Department and support services staff. I would like to express my appreciation to all members of the departments who assisted and contributed to its preparation. I would also like to thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible manner.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Paul Hoyer", is positioned above the typed name.

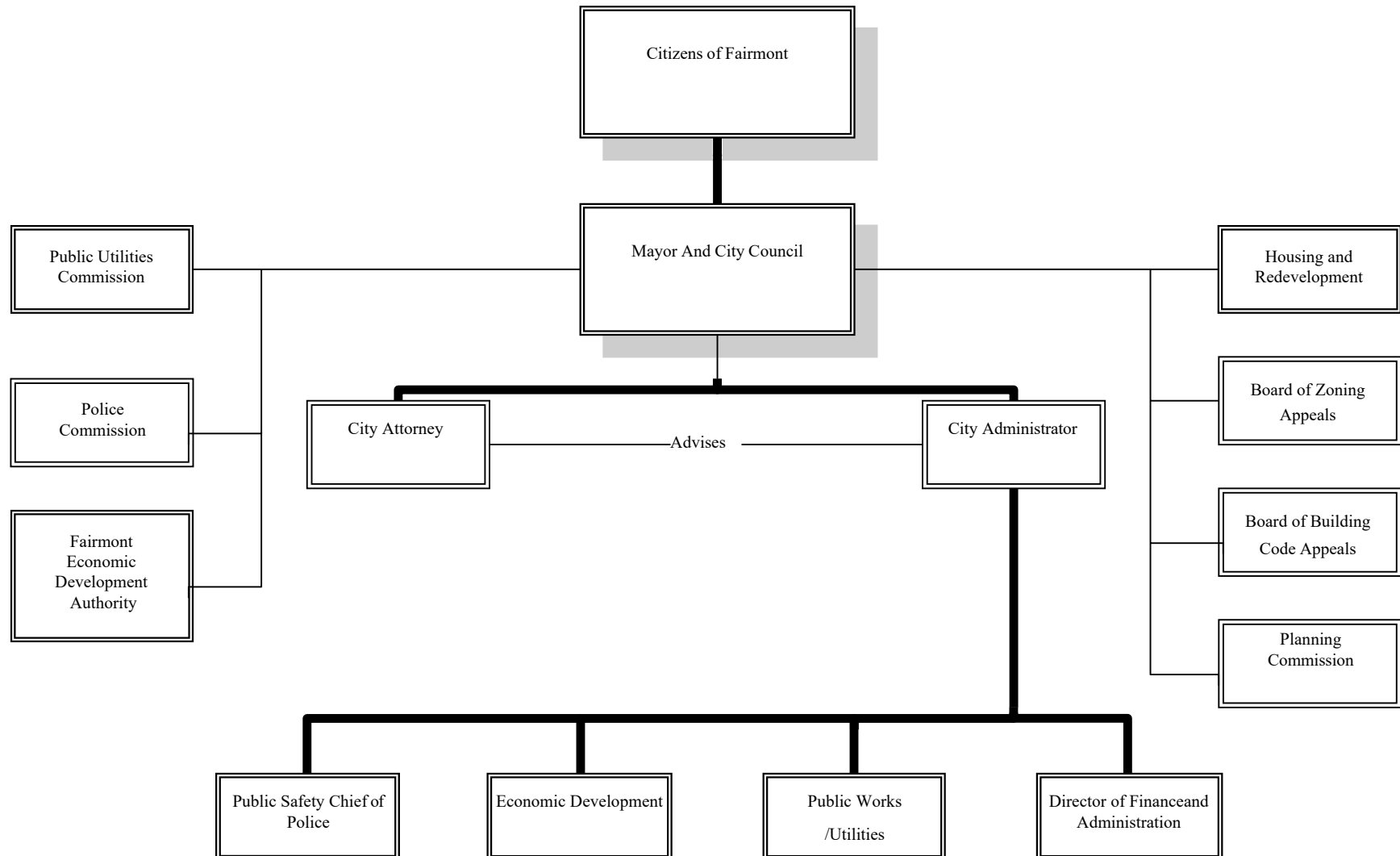
City of Fairmont
Paul Hoyer
Finance Director

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**City of Fairmont
Elected Officials and Administration
December 31, 2021**

Elected Officials	Position	Term Expires
Deborah Foster	Mayor	December 31, 2022
Michele Miller	Council Member	December 31, 2024
Bruce Peters	Council Member	December 31, 2022
Britney Kaweck	Council Member	December 31, 2024
Randy Lubenow	Council Member	December 31, 2022
Wayne Hasek	Council Member	December 31, 2024
<hr/> Administration <hr/>		
Cathy Reynolds	City Administrator	
Paul Hoye	Finance Director	
Patty Monsen	City Clerk	
Troy Nemmers	Director of Public Works and Public Utilities	
Robert T. Scott	City Attorney	
Michael N. Hunter	Chief of Police	

City of Fairmont
City and Department Organizational Chart
December 31, 2021



City of Fairmont
Certificate of Achievement for Excellence in Financial Reporting



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Fairmont
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Fairmont
Fairmont, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fairmont, Minnesota, as of and for the year ended December 31, 2021, and the related notes to 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 in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fairmont, Minnesota, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Fairmont 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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 of Fairmont'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 of Fairmont's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary information as listed in the Table of Contents 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fairmont's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 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 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.



Minneapolis, Minnesota
May 23, 2022

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City of Fairmont Management's Discussion and Analysis

As management of the City of Fairmont, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found starting on page 5 of this report.

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 \$130,712,633 (*net position*). Of this amount, \$26,506,685 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$6,846,513, compared to an increase of \$7,518,278, in the previous year. The increase in net position is attributed to continued strong performance of the City's enterprise funds, specifically the Wastewater, Electric and Municipal Liquor funds. The city council approved a gas franchise ordinance with MN Energy in 2020 which led to an increase in tax revenue in 2021.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22,895,255, an increase of \$3,866,141 in comparison with the prior year. Unassigned fund balance at year end is \$1,304,820. The remainder of fund balance is not available for new spending because it is either 1) restricted (\$8,241,473), 2) committed (\$7,909,182), 3) assigned (\$5,436,580) or 4) nonspendable (\$3,200) for the purposes described in Note 10 in the notes to the financial statements.

Overview of the Financial Statements

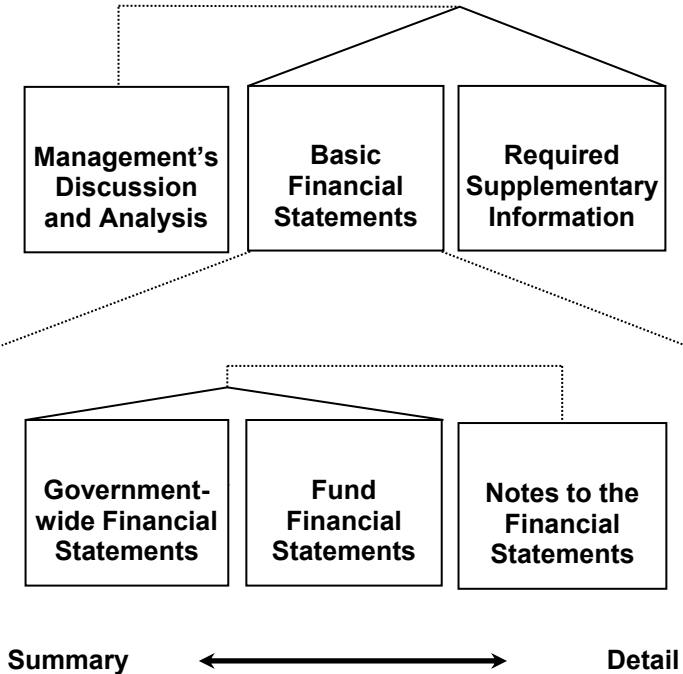
This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

**City of Fairmont
Management’s Discussion and Analysis**

Overview of the Financial Statements (Continued)

**Figure 1
Required Components of the
City’s Annual Financial Report**



City of Fairmont

Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure 2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system	Instances in which the City administers resources on behalf of someone else, such as the HEAT Tactical Team
Required financial statements	<ul style="list-style-type: none"> Statement of Net Position Statement of Activities 	<ul style="list-style-type: none"> Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows 	<ul style="list-style-type: none"> Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Funds do not currently contain deferred outflows/deferred inflows of resources, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid.

City of Fairmont Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

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 a private-sector business.

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference 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 but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets and highways, sanitation and waste removal, culture and recreation, housing development, economic development and airport and lake restoration. The business-type activities of the City include electric, water, wastewater, storm sewer utilities, a municipal liquor store and off-street parking.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Fairmont Economic Development Authority for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found starting on page 37 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 government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary 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 government's near-term financing requirements.

City of Fairmont Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

Governmental Funds. (Continued) 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 by the government'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 several individual governmental funds, a number of which are Debt Service funds, which are reported as one fund for reporting purposes. 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, Debt Service, Public Works Building, Street Improvement Capital Reserve, and 2021 Capital Improvement Program funds which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found starting on page 40 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. *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 electric, water, wastewater, storm sewer, liquor store and parking lots. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the maintenance of its fleet of vehicles, for its management information systems, and self-insurance funds. Because all of these services benefit both governmental and business-type functions, they have been allocated between the *governmental activities* and the *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found starting on page 48 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Fairmont's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 54 of this report.

City of Fairmont Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

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 the financial statements can be found starting on page 55 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Fairmont's share of net pension liabilities (assets) for defined benefits plans, schedules of contributions, Schedule of Changes in the City's Total OPEB Liability and Related Ratios. Required supplementary information can be found starting on page 104 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund financial statements and schedules can be found starting on page 118 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$130,712,633 at the close of the most recent fiscal year. By far, the largest portion of the City's net position (71.7 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is 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 that 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 Fairmont Management's Discussion and Analysis

Government-wide Financial Analysis (Continued)

City of Fairmont's Summary of Net Position

	Governmental Activities			Business-Type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Assets						
Current and other assets	\$ 30,779,242	\$ 26,465,346	\$ 4,313,896	\$ 20,379,569	\$ 20,420,355	\$ (40,786)
Capital assets	72,947,130	64,968,857	7,978,273	65,590,332	62,777,308	2,813,024
Total assets	<u>103,726,372</u>	<u>91,434,203</u>	<u>12,292,169</u>	<u>85,969,901</u>	<u>83,197,663</u>	<u>2,772,238</u>
Deferred outflows of resources	<u>3,024,010</u>	<u>1,506,422</u>	<u>1,517,588</u>	<u>1,269,564</u>	<u>190,666</u>	<u>1,078,898</u>
Liabilities						
Long-term liabilities outstanding	21,376,892	16,669,995	4,706,897	25,484,333	28,173,838	(2,689,505)
Other liabilities	4,635,915	1,737,609	2,898,306	4,421,458	1,757,543	2,663,915
Total liabilities	<u>26,012,807</u>	<u>18,407,604</u>	<u>7,605,203</u>	<u>29,905,791</u>	<u>29,931,381</u>	<u>(25,590)</u>
Deferred inflows of resources	<u>5,731,765</u>	<u>3,964,123</u>	<u>1,767,642</u>	<u>1,626,851</u>	<u>159,726</u>	<u>1,467,125</u>
Net Position						
Net investment in capital assets	52,991,433	52,870,737	120,696	40,693,595	37,663,308	3,030,287
Restricted	10,520,920	9,169,911	1,351,009	-	-	-
Unrestricted	<u>11,493,457</u>	<u>8,528,250</u>	<u>2,965,207</u>	<u>15,013,228</u>	<u>15,633,914</u>	<u>(620,686)</u>
Total net position	<u>\$ 75,005,810</u>	<u>\$ 70,568,898</u>	<u>\$ 4,436,912</u>	<u>\$ 55,706,823</u>	<u>\$ 53,297,222</u>	<u>\$ 2,409,601</u>

An additional portion of the City's net position (8.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (20.3 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities. Governmental activities increased the City's net position by \$4,436,912. The primary reasons for the increase in net position were a result of an increase in taxes of \$773,839 and Capital grants and contributions revenues of \$3,180,559. Key elements of this increase are as follows:

- The city council approved a gas franchise ordinance with MN Energy in 2020 which led to an increase in tax revenue in 2021. These funds have been assigned for future street improvements.
- The City received \$162,788 in Federal aid for a new T-Hangar at the Airport.
- The City received \$295,972 in Federal aid for the Margaret Street trail extension.
- The City received \$1,055,443 from the State to complete a habitat restoration and nitrate removal project in the City's watershed.

City of Fairmont Management's Discussion and Analysis

Government-wide Financial Analysis (Continued)

City of Fairmont's Changes in Net Position

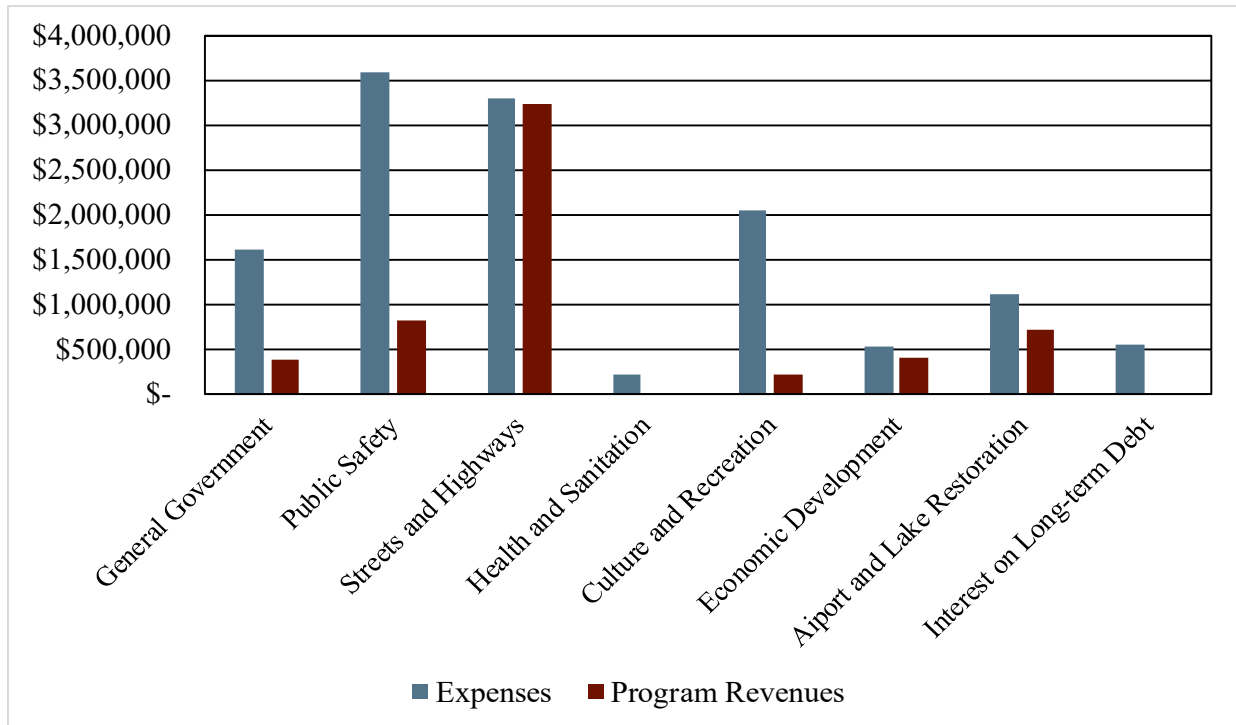
	Governmental Activities			Business-Type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 1,488,080	\$ 1,407,083	\$ 80,997	\$ 27,822,973	\$ 26,566,974	\$ 1,255,999
Operating grants and contributions	1,094,279	1,390,641	(296,362)	545,695	-	545,695
Capital grants and contributions	3,180,559	3,218,377	(37,818)	300,252	-	300,252
General revenues						-
Property taxes/tax increments	5,738,759	5,378,757	360,002	-	-	-
Other taxes	1,540,506	1,126,669	413,837	-	-	-
Grants and contributions not restricted to specific programs	3,695,477	3,630,935	64,542	-	-	-
Unrestricted investment earnings	(49,007)	264,971	(313,978)	(37,154)	309,918	(347,072)
Other	90,864	92,538	(1,674)	-	-	-
Total revenues	16,779,517	16,509,971	269,546	28,631,766	26,876,892	1,754,874
Expenses						-
General government	1,615,297	1,679,698	(64,401)	-	-	(13,764,261)
Public safety	3,585,369	3,539,488	45,881	-	-	(3,680,766)
Streets and highways	3,293,994	3,081,028	212,966	-	-	(2,058,940)
Sanitation and waste removal	204,292	216,896	(12,604)	-	-	(508,968)
Culture and recreation	2,034,107	1,737,963	296,144	-	-	(3,915,279)
Housing development	-	222,704	(222,704)	-	-	-
Economic development	517,771	269,155	248,616	-	-	-
Miscellaneous	1,098,169	885,655	212,514	-	-	-
Interest on long-term debt	555,988	302,302	253,686	-	-	-
Electric	-	-	-	14,175,739	13,764,261	411,478
Water	-	-	-	5,024,462	3,680,766	1,343,696
Wastewater	-	-	-	2,126,433	2,058,940	67,493
Storm sewer	-	-	-	534,306	508,968	25,338
Liquor	-	-	-	3,790,799	3,915,279	(124,480)
Parking lot	-	-	-	8,044	5,482	2,562
Total expenses	12,904,987	11,934,889	970,098	25,659,783	23,933,696	1,726,087
Change in net position before transfers	3,874,530	4,575,082	(700,552)	2,971,983	2,943,196	28,787
Transfers	562,382	1,655,000	(1,092,618)	(562,382)	1,655,000	(2,217,382)
Change in Net Position	4,436,912	6,230,082	(1,793,170)	2,409,601	1,288,196	1,121,405
Net position - January 1	70,568,898	64,338,816	6,230,082	53,297,222	52,009,026	1,288,196
Net position - December 31	\$ 75,005,810	\$ 70,568,898	\$ 4,436,912	\$ 55,706,823	\$ 53,297,222	2,409,601

Property tax levies increased by 6.8 percent during the year. The increase was used for operating and personnel costs and to fund a part time Community Services Officer. The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.

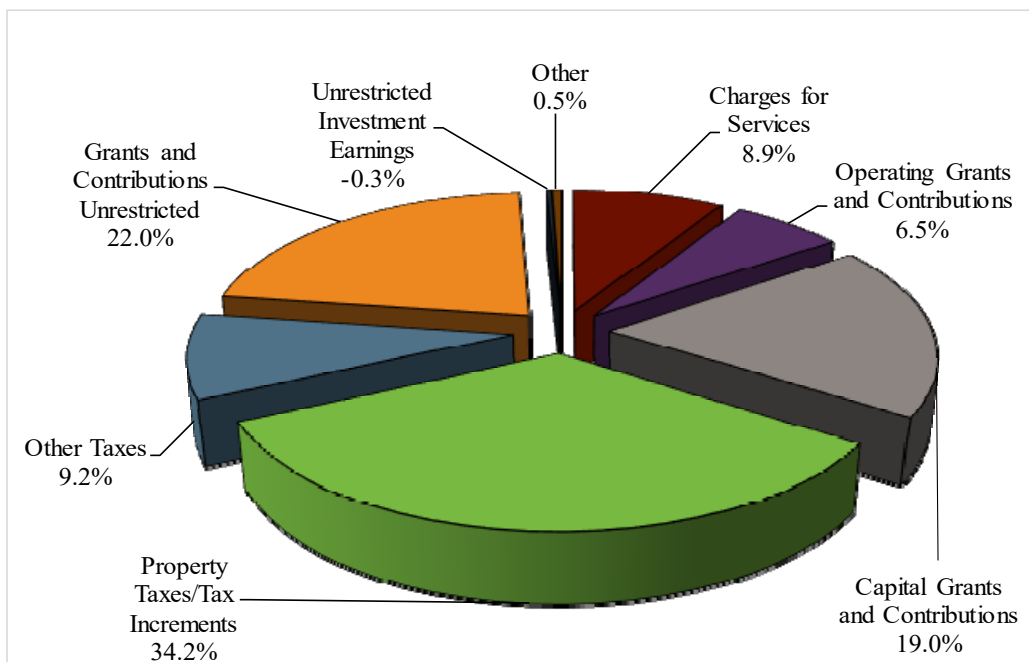
City of Fairmont Management's Discussion and Analysis

Government-wide Financial Analysis (Continued)

Expenses and Program Revenues - Governmental Activities



Revenues by Source



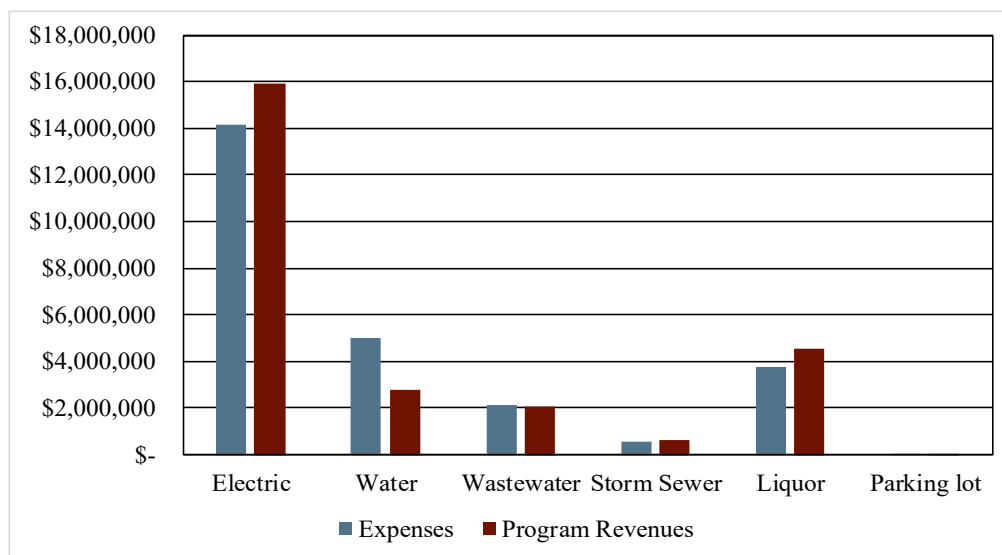
City of Fairmont Management's Discussion and Analysis

Government-wide Financial Analysis (Continued)

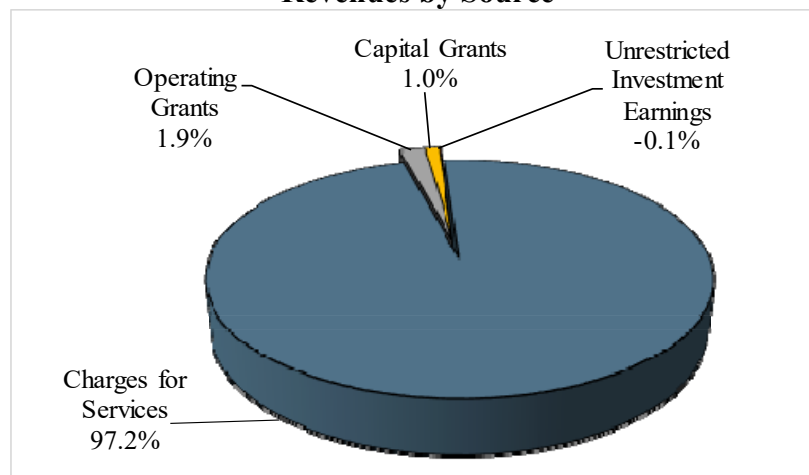
Business-type Activities. Business-type activities increased the City's net position by \$2,409,601. Key elements of this increase are as follows:

- PUC (electric, wastewater and water) operating income of \$1,603,432, with a total change in net position of \$1,032,012.
- The PUC approved a 17.1% increase to the residential water rate and a 16.8% increase to the commercial water rate in 2021 based upon the water and sewer rate study that was completed in 2020. Water revenues increased 21.6% from 2020.
- The PUC approved a 6.4% percent increase to the residential sewer rate and a 51.9% increase to the commercial sewer rate in 2021 based upon the water and sewer rate study that was completed in 2020. Sewer revenues increased 10.8% from 2020.

Expenses and Program Revenues - Business-type Activities



Revenues by Source



City of Fairmont Management's Discussion and Analysis

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 government's net resources available for spending at the end of the fiscal year.

The General fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund was \$7,022,959. As a measure of the General fund's liquidity, it may be useful to compare unassigned and total fund balance to total fund expenditures. Unassigned fund balance was \$1,447,582, or 16.9 percent of total General fund expenditures, while total fund balance represents 81.8 percent of General fund expenditures.

The fund balance of the City's General fund increased by \$881,299 during the current fiscal year. Contributing factors to the increase are actual revenues coming in \$360,489 over budget, with the majority of this coming from a larger than normal contribution from the Fire Relief Association, and expenses coming in \$382,444 under budget, with the majority of this coming from Public Safety.

The Debt Service fund has a total fund balance of \$2,275,614, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the Debt Service fund was \$106,274. The major reason for the decrease was scheduled debt service payments exceeded revenues and transfers in.

The Public Works Building fund has a total fund balance of \$2,858,374, which is an increase of \$123,659 from prior year. This increase is the result of the proceeds of the bond sale and the bond premium exceeding the amount spent on construction.

The Capital Reserve fund has a total fund balance of \$387,270, which is an increase of \$45,142 from the prior year. This increase is the result of larger than anticipated intergovernmental revenues.

The 2021 Capital Improvement Program fund has a total fund deficit of \$142,762, which is a decrease of \$89,328 from prior year. The decrease is due to the total expenditures exceeding the proceeds of the bond sale and the bond premium. This deficit will be funded by the Street Improvement Capital Reserve fund at project completion.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$14,611,647 of which \$1,643,345 was for the Water Utility fund, \$2,697,096 was for the Wastewater Utility fund, \$8,137,208 was for the Electric Utility fund, \$153,196 was for the Storm Sewer fund and those for the Municipal Liquor fund amounted to \$1,977,828. The total increase in net position for the enterprise funds was \$2,409,601. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

City of Fairmont Management's Discussion and Analysis

General Fund Budgetary Highlights

The City's General fund budget was not amended during the year. Budgeted revenues exceeded actual by \$360,489 and actual expenditures were under budget by \$382,444 in 2021. The primary reasons for the variances are as follows:

- The City received \$150,000 in donations for future capital purchases of the Fire Department.
- The City received \$61,768 from selling several residential lots, the old Senior Center Building and a SnoGo snow blower.
- General Government, Public Safety, Public Works and Culture and Recreation expenditures were all under budget.

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 \$138,537,462 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges.

Major capital asset events during the current fiscal year included the following:

- Completed pool resurfacing and leak repairs at the Aquatic Park.
- Various equipment purchases by the PUC including meters, transformers, cable and AMI equipment.
- Began construction on the new Public Works Facility.
- Amber Lake boat landing and parking lot improvements.
- Dutch Creek wetland restoration project.

Additional information on the City's capital assets can be found in Note 5 starting on page 71 of this report.

City of Fairmont's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-Type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Land	\$ 3,949,478	\$ 3,949,478	\$ -	\$ 1,718,715	\$ 1,718,715	\$ -
Buildings and structures	5,676,825	4,704,483	972,342	32,408,529	33,220,996	(812,467)
Improvement other than buildings	10,358,402	10,351,973	6,429	24,273,953	23,027,064	1,246,889
Machinery and equipment	1,677,252	1,442,383	234,869	4,142,073	4,357,168	(215,095)
Vehicles	651,965	747,819	(95,854)	-	-	-
Infrastructure	33,493,605	32,421,933	1,071,672	-	-	-
Construction in progress	17,139,603	11,350,788	5,788,815	3,047,062	453,365	2,593,697
Total	<u>\$ 72,947,130</u>	<u>\$ 64,968,857</u>	<u>\$ 7,978,273</u>	<u>\$ 65,590,332</u>	<u>\$ 62,777,308</u>	<u>\$ 2,813,024</u>

City of Fairmont Management's Discussion and Analysis

Capital Asset and Debt Administration (Continued)

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$44,396,737. Of this amount, \$19,500,000 is special assessment debt and \$24,896,737 is revenue debt. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

City of Fairmont's Outstanding Debt

	Governmental Activities			Business-Type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
G.O. Improvement Bonds	\$ 19,500,000	\$ 11,900,000	\$ 7,600,000		\$ -	\$ -
G.O. Revenue Bonds		-	-	24,896,737	25,114,000	(217,263)
Total	<u>\$ 19,500,000</u>	<u>\$ 11,900,000</u>	<u>\$ 7,600,000</u>	<u>\$ 24,896,737</u>	<u>\$ 25,114,000</u>	<u>\$ (217,263)</u>

The City's total debt increased by \$7,382,737 (19.9 percent) during the current fiscal year. The key factors in this increase were the 2021A bond issue in the amount of \$3,280,000 for the 2021 Improvement Program and the 2021B bond issue in the amount of \$6,935,000 for the new Public Works Building.

The City maintains an "AA3" rating from Moody's for all of its outstanding bonded debt.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is \$23,470,512. The City currently \$6,935,000 in general obligation debt payable solely from ad valorem taxes that would count towards this debt limit.

Additional information on the City's long-term debt can be found in Note 9 starting on page 75 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Martin County in December 2021 was 2.5 percent, which is a decrease from 3.9 percent a year ago. This rate is lower than both the State average of 2.6 percent and the national average rate of 3.7 percent.
- The City continued to see strong residential home sales and experienced a significant increase in its taxable market values. Residential values increased 6.6 percent, commercial values decreased 2.0 percent and agricultural values decreased 2.9 percent. The total taxable market value increased \$26,399,000 or 3.5%.

City of Fairmont Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates (Continued)

All of these factors were considered in preparing the City's budget for the 2022 fiscal year.

- The City's property tax levy will increase in 2022 by 5.7 percent. The tax increase will provide an additional \$320,426 per year. This will fund the cost of wage and benefit increases along with an additional full-time position in the Engineering Department. This will also fund an update to the City's zoning code and additional software that will help with operational efficiencies.
- In 2020 the Public Utilities Commission approved a water and wastewater rate study with Bolton & Menk and Northland Securities. The study evaluated our existing rates, planned capital projects and put together a forecasting model to come up with recommended rate increases for the next ten years. For 2022 the study recommends a 10.3 percent increase to our residential water rates and a 9.5 percent increase to our commercial and industrial water rates. For our wastewater rates, it recommends a 5.7 percent increase to the residential rates and 4.9 percent increase to our commercial rates. The City purchases electric power from SMMPA and the SMMPA Board approved to leave their rates unchanged for 2022 at their October 15, 2021 annual meeting. Therefore, the City will be able to maintain electric rates at the 2021 level.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all 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 Finance Director, City of Fairmont, 100 Downtown Plaza, Fairmont, Minnesota, 56031.

BASIC FINANCIAL STATEMENTS

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City of Fairmont
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-type Activities	Total	Economic Development Authority
Assets				
Cash and investments (including cash equivalents)	\$ 23,959,751	\$ 14,408,681	\$ 38,368,432	\$ 498,013
Receivables				
Accounts receivable	168,792	3,147,924	3,316,716	-
Interest receivable	50,072	-	50,072	-
Taxes receivable	162,297	-	162,297	3,096
Special assessments receivable	2,538,391	3,570	2,541,961	-
Notes receivable	1,404,458	-	1,404,458	-
Due from other governments	1,860,636	1,891,357	3,751,993	738
Internal balances	(246)	246	-	-
Inventories	-	926,441	926,441	-
Prepaid items	4,516	1,350	5,866	-
Assets held for resale	90,000	-	90,000	-
Capital assets not being depreciated				
Land	3,949,478	1,718,715	5,668,193	-
Construction in progress	17,139,603	3,047,062	20,186,665	-
Capital assets net of accumulated depreciation				
Vehicles	651,965	-	651,965	-
Buildings and structures	5,676,825	32,408,529	38,085,354	-
Machinery and equipment	1,677,252	4,142,073	5,819,325	-
Improvements other than buildings	10,358,402	24,273,953	34,632,355	-
Infrastructure	33,493,605	-	33,493,605	-
Net pension asset	540,575	-	540,575	-
Total assets	\$ 103,726,372	\$ 85,969,901	\$ 189,696,273	\$ 501,847
Deferred Outflows of Resources				
Deferred outflows of resources related to fire relief pensions	134,769	-	134,769	-
Deferred outflows of resources related to City pensions	2,805,720	1,207,587	4,013,307	40,167
Deferred outflows of resources related to OPEB	83,521	61,977	145,498	2,066
Total deferred outflows of resources	3,024,010	1,269,564	4,293,574	42,233
Total assets and deferred outflows of resources	\$ 106,750,382	\$ 87,239,465	\$ 193,989,847	\$ 544,080
Liabilities				
Accounts and contracts payable	\$ 1,441,160	\$ 2,063,310	\$ 3,504,470	\$ 3,399
Interest payable	204,305	184,792	389,097	-
Salaries and benefits payable	240,086	162,355	402,441	5,167
Due to other governments	390,759	11,012	401,771	1,305
Deposits payable	-	140,700	140,700	-
Unearned revenue	511,288	7,568	518,856	-
Bonds payable, net				
Payable within one year	1,645,000	-	1,645,000	-
Payable after one year	18,310,697	-	18,310,697	-
Notes payable				
Payable within one year	-	1,709,479	1,709,479	-
Payable after one year	-	23,187,258	23,187,258	-
Compensated absences payable				
Payable within one year	203,317	142,242	345,559	4,110
Payable after one year	347,496	269,673	617,169	-
Payable after one year				
Net pension liability	2,313,550	1,726,761	4,040,311	57,435
Total other post employment benefits (OPEB) liability	405,149	300,641	705,790	10,021
Total liabilities	26,012,807	29,905,791	55,918,598	81,437
Deferred Inflows of Resources				
Deferred inflows of resources related to fire relief pensions	396,955	-	396,955	-
Deferred inflows of resources related to City pensions	3,851,609	1,605,995	5,457,604	53,418
Advanced appropriations - state shared tax	1,455,096	-	1,455,096	-
Deferred inflows of resources related to OPEB	28,105	20,856	48,961	695
Total deferred inflows of resources	5,731,765	1,626,851	7,358,616	54,113
Net Position				
Net investment in capital assets	52,991,433	40,693,595	93,685,028	-
Restricted for				
Debt service	4,555,061	-	4,555,061	-
Capital projects	3,486,413	-	3,486,413	-
Housing and economic development	2,479,446	-	2,479,446	-
Unrestricted	11,493,457	15,013,228	26,506,685	408,530
Total net position	75,005,810	55,706,823	130,712,633	408,530
Total liabilities, deferred inflows of resources, and net position	\$ 106,750,382	\$ 87,239,465	\$ 193,989,847	\$ 544,080

See notes to basic financial statements.

City of Fairmont
Statement of Activities
Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 1,615,297	\$ 174,087	\$ 200,450	\$ -
Public safety	3,585,369	375,615	443,137	-
Public works	3,293,994	230,797	11,000	2,987,772
Health and sanitation	204,292	-	-	-
Culture and recreation	2,034,107	206,067	16,638	-
Economic development	517,771	55,532	349,612	-
Airport and lake restoration	1,098,169	445,982	73,442	192,787
Interest and fiscal charges	555,988	-	-	-
Total governmental activities	<u>12,904,987</u>	<u>1,488,080</u>	<u>1,094,279</u>	<u>3,180,559</u>
Business-type activities				
Water	5,024,462	4,657,030	1,940	152,942
Sewer	2,126,433	2,637,253	-	147,310
Storm	534,306	597,970	-	-
Electric	14,175,739	15,371,028	543,755	-
Liquor	3,790,799	4,551,527	-	-
Parking Lot	8,044	8,165	-	-
Total business-type activities	<u>25,659,783</u>	<u>27,822,973</u>	<u>545,695</u>	<u>300,252</u>
Total governmental and business-type activities	<u>\$ 38,564,770</u>	<u>\$ 29,311,053</u>	<u>\$ 1,639,974</u>	<u>\$ 3,480,811</u>
Component unit				
Fairmont Economic Development Authority	<u>\$ 283,466</u>	<u>\$ 34,402</u>	<u>\$ 100,000</u>	<u>\$ -</u>
General revenues				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Franchise taxes				
Hotel taxes				
Sales tax				
Tax increment				
Unrestricted state aid				
Unrestricted investment earnings				
Gain on sale of asset				
Transfers - Capital Assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

Net (Expense) Revenues
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total	Fairmont Economic Development Authority
\$ (1,240,760)	\$ -	\$ (1,240,760)	\$ -
(2,766,617)	-	(2,766,617)	-
(64,425)	-	(64,425)	-
(204,292)	-	(204,292)	-
(1,811,402)	-	(1,811,402)	-
(112,627)	-	(112,627)	-
(385,958)	-	(385,958)	-
(555,988)	-	(555,988)	-
<u>(7,142,069)</u>	<u>-</u>	<u>(7,142,069)</u>	<u>-</u>
-	(212,550)	(212,550)	-
-	658,130	658,130	-
-	63,664	63,664	-
-	1,739,044	1,739,044	-
-	760,728	760,728	-
-	121	121	-
<u>-</u>	<u>3,009,137</u>	<u>3,009,137</u>	<u>-</u>
<u>\$ (7,142,069)</u>	<u>\$ 3,009,137</u>	<u>\$ (4,132,932)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (149,064)
4,402,101	-	4,402,101	99,778
1,152,909	-	1,152,909	-
279,305	-	279,305	-
163,305	-	163,305	-
1,097,896	-	1,097,896	-
183,749	-	183,749	-
3,695,477	-	3,695,477	-
(49,007)	(37,154)	(86,161)	(1,133)
90,864	-	90,864	-
(1,510,406)	1,510,406	-	-
2,072,788	(2,072,788)	-	-
<u>11,578,981</u>	<u>(599,536)</u>	<u>10,979,445</u>	<u>98,645</u>
4,436,912	2,409,601	6,846,513	(50,419)
<u>70,568,898</u>	<u>53,297,222</u>	<u>123,866,120</u>	<u>458,949</u>
<u>\$ 75,005,810</u>	<u>\$ 55,706,823</u>	<u>\$ 130,712,633</u>	<u>\$ 408,530</u>

City of Fairmont
Balance Sheet - Governmental Funds
December 31, 2021

		<u>Debt Service</u>	<u>Capital Projects</u>
	General Fund (101, 706)	Debt Service	Public Works Building (440)
Assets			
Cash and investments	\$ 7,753,552	\$ 2,256,799	\$ 3,806,875
Interest receivable	50,072	-	-
Due from other governments	44,395	18,815	-
Accounts receivable	103,912	-	-
Notes receivable	-	-	-
Due from other funds	-	-	-
Property taxes receivable	109,015	35,597	-
Special assessments receivable	6,508	2,448,155	-
Prepaid items	-	-	-
Land held for resale	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 8,067,454</u>	<u>\$ 4,759,366</u>	<u>\$ 3,806,875</u>
Liabilities			
Accounts payable	\$ 143,321	\$ -	\$ 948,501
Due to other governments	1,782	-	-
Salaries and benefits payable	227,429	-	-
Due to other funds	58,691	-	-
Unearned revenues	497,749	-	-
Total liabilities	<u>928,972</u>	<u>-</u>	<u>948,501</u>
Deferred Inflows of Resources			
Unavailable revenue - taxes and assessments	115,523	2,483,752	-
Advanced appropriations - state shared tax	-	-	-
Total deferred inflows of resources	<u>115,523</u>	<u>2,483,752</u>	<u>-</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	-	2,275,614	-
Committed	214,564	-	2,858,374
Assigned	5,360,813	-	-
Unassigned	1,447,582	-	-
Total fund balances	<u>7,022,959</u>	<u>2,275,614</u>	<u>2,858,374</u>
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,067,454</u>	<u>\$ 4,759,366</u>	<u>\$ 3,806,875</u>

Capital Projects			
Capital Reserve (405)	2021 Capital Improvement Program (481)	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 9,553,568	\$ 23,370,794
-	-	-	50,072
1,355,605	-	441,821	1,860,636
-	-	64,880	168,792
-	-	1,404,458	1,404,458
-	-	861,098	861,098
13,455	-	4,230	162,297
-	-	83,728	2,538,391
-	-	3,200	3,200
-	-	90,000	90,000
<u>\$ 1,369,060</u>	<u>\$ -</u>	<u>\$ 12,506,983</u>	<u>\$ 30,509,738</u>
\$ 115,091	\$ 134,908	\$ 61,523	\$ 1,403,344
-	-	388,977	390,759
-	-	4,234	231,663
853,244	7,854	1,856	921,645
-	-	13,539	511,288
<u>968,335</u>	<u>142,762</u>	<u>470,129</u>	<u>3,458,699</u>
13,455	-	87,958	2,700,688
-	-	1,455,096	1,455,096
<u>13,455</u>	<u>-</u>	<u>1,543,054</u>	<u>4,155,784</u>
-	-	3,200	3,200
-	-	5,965,859	8,241,473
387,270	-	4,448,974	7,909,182
-	-	75,767	5,436,580
-	(142,762)	-	1,304,820
<u>387,270</u>	<u>(142,762)</u>	<u>10,493,800</u>	<u>22,895,255</u>
<u>\$ 1,369,060</u>	<u>\$ -</u>	<u>\$ 12,506,983</u>	<u>\$ 30,509,738</u>

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City of Fairmont
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2021

Total fund balances - governmental funds	\$ 22,895,255
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

Cost of capital assets	118,351,314
Less accumulated depreciation	(45,515,932)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds payable	(19,500,000)
Unamortized bond premium and discount	(455,697)
Compensated absences payable	(526,545)
Unfunded other post employment benefits obligation	(349,733)
Net pension liability	(2,313,550)

Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.

Taxes and special assessments	2,700,688
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Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.

Deferred inflows of resources related to fire relief pensions	(396,955)
Deferred inflows of resources related to city pensions	(3,851,609)
Deferred outflows of resources related to fire relief pensions	134,769
Deferred outflows of resources related to city pensions	2,805,720

The Fire Relief Association net pension asset created through contributions to a defined benefit pension plan which is not recognized in the governmental funds.

540,575

Governmental funds do not report a liability for accrued interest due and payable.	(204,305)
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Internal Service Funds are used by management to charge the costs of insurance and capital equipment to individual funds. These assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.

691,815

Total net position - governmental activities	<u><u>\$ 75,005,810</u></u>
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City of Fairmont
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2021

		<u>Debt Service</u>	<u>Capital Projects</u>
	General Fund (101, 706)	Debt Service	Public Works Building (440)
Revenues			
General property taxes	\$ 3,537,547	\$ 1,152,909	\$ -
Tax increment collections	-	-	-
Miscellaneous taxes	40,819	-	-
Licenses and permits	167,640	-	-
Intergovernmental	4,040,779	-	-
Special assessments	1,251	573,215	-
Charges for services	656,033	-	-
Fines and forfeitures	49,592	-	-
Investment income	4,780	(9,595)	(12,543)
Contributions and donations	166,561	-	-
Loan interest	-	-	-
Miscellaneous	242,513	-	-
Total revenues	<u>8,907,515</u>	<u>1,716,529</u>	<u>(12,543)</u>
Expenditures			
Current			
General government	1,487,700	-	-
Public safety	3,689,336	-	-
Public works	1,699,660	-	10,632
Health and sanitation	204,292	-	-
Culture and recreation	1,503,595	-	-
Economic development	-	-	-
Airport	-	-	-
Conservation - water resources	-	-	-
Debt service			
Principal	-	1,635,000	-
Interest and fiscal charges	-	269,657	133,908
Capital outlay			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	6,746,781
Culture and recreation	-	-	-
Economic Development	-	-	-
Airport	-	-	-
Total expenditures	<u>8,584,583</u>	<u>1,904,657</u>	<u>6,891,321</u>
Excess of revenues over (under) expenditures	322,932	(188,128)	(6,903,864)
Other Financing Sources (Uses)			
Proceeds from sale of capital asset	61,768	-	-
Bonds issued	-	37,202	6,935,000
Issuance of refunding bonds	-	988,097	-
Premium on bonds issued	-	-	92,523
Payments to refunding escrow agent	-	(980,000)	-
Transfers in	873,011	36,555	-
Transfers out	(376,412)	-	-
Total other financing sources (uses)	<u>558,367</u>	<u>81,854</u>	<u>7,027,523</u>
Net change in fund balances	881,299	(106,274)	123,659
Fund Balances			
Beginning of year	<u>6,141,660</u>	<u>2,381,888</u>	<u>2,734,715</u>
End of year	<u>\$ 7,022,959</u>	<u>\$ 2,275,614</u>	<u>\$ 2,858,374</u>

See notes to basic financial statements.

Capital Projects			
Capital Reserve (405)	2021 Capital Improvement Program (481)	Other Governmental Funds	Total Governmental Funds
\$ 664,122	\$ -	\$ 138,208	\$ 5,492,786
-	-	183,749	183,749
-	-	1,499,687	1,540,506
-	-	-	167,640
1,351,415	-	1,327,433	6,719,627
-	-	18,931	593,397
-	-	442,722	1,098,755
-	-	-	49,592
80	3,211	(33,084)	(47,151)
-	-	-	166,561
-	-	19,851	19,851
10,700	300	110,167	363,680
2,026,317	3,511	3,707,664	16,348,993
-	-	-	1,487,700
-	-	-	3,689,336
-	-	-	1,710,292
-	-	-	204,292
-	-	37,803	1,541,398
-	-	468,773	468,773
-	-	525,507	525,507
-	-	3,311	3,311
-	-	-	1,635,000
10,566	58,758	10,692	483,581
85,099	-	-	85,099
150,612	-	-	150,612
346,277	2,494,078	334,399	9,921,535
2,168,416	-	-	2,168,416
33,394	-	-	33,394
71,077	-	-	71,077
2,865,441	2,552,836	1,380,485	24,179,323
(839,124)	(2,549,325)	2,327,179	(7,830,330)
-	-	29,096	90,864
-	2,254,701	-	9,226,903
-	-	-	988,097
-	205,296	-	297,819
-	-	-	(980,000)
884,266	-	1,795,425	3,589,257
-	-	(1,140,057)	(1,516,469)
884,266	2,459,997	684,464	11,696,471
45,142	(89,328)	3,011,643	3,866,141
342,128	(53,434)	7,482,157	19,029,114
\$ 387,270	\$ (142,762)	\$ 10,493,800	\$ 22,895,255

City of Fairmont
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended December 31, 2021

Net change in fund balances - governmental funds	\$ 3,866,141
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlays	12,208,217
Depreciation expense	(2,767,642)
Assets contributed to Enterprise Funds	(1,510,406)
Unfunded OPEB and compensated absences obligations are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	
Post employment benefits other than pension costs	(9,107)
Compensated absences	(4,069)
Governmental funds recognize pension contributions as expenditures at the time of payment in the funds whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	
Pension expense	575,458
Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no impact on net position in the Statement of Activities.	
Bonds payable	2,615,000
Governmental funds report the effects of bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
	(257,577)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	
	(112,649)
Proceeds from long-term debt are recognized as an other financing source in the governmental funds but have no impact on net assets in the Statement of Activities.	
	(10,215,000)
Certain receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Taxes and assessments	308,989
Internal Service Funds are used by management to charge the costs of insurance and capital equipment to individual funds. The net revenue of certain activities of Internal Service Funds is reported with governmental activities in the government-wide financial statements.	
	(260,443)
Change in net position - governmental activities	<u>\$ 4,436,912</u>

City of Fairmont
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended December 31, 2021

	2021			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
General property taxes	\$ 3,581,899	\$ 3,581,899	\$ 3,537,547	\$ (44,352)
Lodging taxes	40,000	40,000	40,819	819
Special assessments	-	-	1,251	1,251
Licenses and permits	130,800	130,800	167,640	36,840
Intergovernmental revenues	3,972,159	3,972,159	4,040,779	68,620
Charges for services	577,668	577,668	656,033	78,365
Fines and forfeitures	55,000	55,000	49,592	(5,408)
Investment income	50,000	50,000	4,780	(45,220)
Contributions and donations	10,000	10,000	166,561	156,561
Other revenues	129,500	129,500	242,513	113,013
Total revenues	<u>8,547,026</u>	<u>8,547,026</u>	<u>8,907,515</u>	<u>360,489</u>
Expenditures				
General Government	\$ 1,536,796	\$ 1,536,796	1,487,700	(49,096)
Public safety	3,863,434	3,863,434	3,689,336	(174,098)
Public works	1,817,447	1,817,447	1,699,660	(117,787)
Health and sanitation	175,453	175,453	204,292	28,839
Culture and recreation	1,573,897	1,573,897	1,503,595	(70,302)
Total expenditures	<u>8,967,027</u>	<u>8,967,027</u>	<u>8,584,583</u>	<u>(382,444)</u>
Excess of revenues over (under) expenditures	(420,001)	(420,001)	322,932	742,933
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	61,768	61,768
Transfers in	825,000	825,000	873,011	48,011
Transfers out	(80,000)	(80,000)	(376,412)	(296,412)
Total other financing sources (uses)	<u>745,000</u>	<u>745,000</u>	<u>558,367</u>	<u>(186,633)</u>
Net change in fund balances	<u>\$ 324,999</u>	<u>\$ 324,999</u>	881,299	<u>\$ 556,300</u>
Fund Balances				
Beginning of year			<u>6,141,660</u>	
End of year			<u>\$ 7,022,959</u>	

City of Fairmont
Statement of Net Position - Proprietary Funds
December 31, 2021

	Business-Type Activities - Enterprise Funds		
	Water Utility (601)	Wastewater Utility (602)	Electric Utility (604)
Assets			
Current assets			
Cash and cash equivalents	\$ 727,682	\$ 3,085,640	\$ 7,977,107
Due from other funds	-	-	-
Due from other governments	1,744,047	147,310	-
Accounts receivable - net	574,576	400,662	2,057,606
Special assessments receivable	3,570	-	-
Inventories	57,863	-	435,703
Prepaid items	-	-	-
Total current assets	<u>3,107,738</u>	<u>3,633,612</u>	<u>10,470,416</u>
Noncurrent assets			
Capital assets, not being depreciated			
Land and construction in progress	1,244,454	877,691	1,473,582
Capital assets, being depreciated			
Buildings	28,556,341	11,104,366	1,302,794
Utility plant in service	13,985,045	9,215,008	14,258,399
Machinery and equipment	523,529	6,900,151	4,199,442
Improvements other than buildings	-	-	-
Total capital assets	<u>44,309,369</u>	<u>28,097,216</u>	<u>21,234,217</u>
Less: accumulated depreciation	<u>(9,800,956)</u>	<u>(13,483,100)</u>	<u>(14,767,262)</u>
Net capital assets	<u>34,508,413</u>	<u>14,614,116</u>	<u>6,466,955</u>
Total noncurrent assets	<u>34,508,413</u>	<u>14,614,116</u>	<u>6,466,955</u>
Total assets	<u>37,616,151</u>	<u>18,247,728</u>	<u>16,937,371</u>
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	371,034	196,547	456,169
Deferred outflows of resources related to OPEB	19,036	10,329	23,020
Total deferred outflows of resources	<u>390,070</u>	<u>206,876</u>	<u>479,189</u>
Total assets and deferred outflows of resources	<u>\$ 38,006,221</u>	<u>\$ 18,454,604</u>	<u>\$ 17,416,560</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 425,211	\$ 411,627	\$ 1,036,019
Due to other governments	-	-	(398)
Due to other funds	13,045	6,904	15,149
Interest payable	169,804	14,988	-
Salaries payable	52,253	24,791	59,060
Compensated absences	32,882	20,411	71,185
Deposits payable	22,516	-	118,184
Unearned revenue	-	-	-
Note from direct borrowing - current portion	928,479	781,000	-
Total current liabilities	<u>1,644,190</u>	<u>1,259,721</u>	<u>1,299,199</u>
Noncurrent liabilities			
Compensated absences	48,890	89,059	206,013
Note from direct borrowing	22,512,737	2,384,000	-
Total OPEB liability	92,340	50,107	111,667
Net pension liability	530,552	281,048	652,288
Less amount due within one year	<u>(961,361)</u>	<u>(801,411)</u>	<u>(71,185)</u>
Total noncurrent liabilities	<u>22,223,158</u>	<u>2,002,803</u>	<u>898,783</u>
Total liabilities	<u>23,867,348</u>	<u>3,262,524</u>	<u>2,197,982</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	493,446	261,392	606,669
Deferred inflows of resources related to OPEB	6,406	3,476	7,746
Total deferred inflows of resources	<u>499,852</u>	<u>264,868</u>	<u>614,415</u>
Net Position			
Net investment in capital assets	11,995,676	12,230,116	6,466,955
Unrestricted	<u>1,643,345</u>	<u>2,697,096</u>	<u>8,137,208</u>
Total net position	<u>13,639,021</u>	<u>14,927,212</u>	<u>14,604,163</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 38,006,221</u>	<u>\$ 18,454,604</u>	<u>\$ 17,416,560</u>

See notes to basic financial statements.

Business-Type Activities -
Enterprise Fund

Total Public Utilities Commission	Storm Sewer Utility (603)	Municipal Liquor (609)	Nonmajor		Governmental Activities - Internal Service Funds
			Parking Lot (611)	Total	
\$ 11,790,429	\$ 268,969	\$ 1,966,502	\$ 6,349	\$ 14,032,249	\$ 965,389
-	-	-	-	-	104,281
1,891,357	-	-	-	1,891,357	-
3,032,844	62,365	53,118	(403)	3,147,924	-
3,570	-	-	-	3,570	-
493,566	-	432,875	-	926,441	-
-	-	1,350	-	1,350	1,316
<u>17,211,766</u>	<u>331,334</u>	<u>2,453,845</u>	<u>5,946</u>	<u>20,002,891</u>	<u>1,070,986</u>
3,595,727	565,062	229,138	375,850	4,765,777	-
40,963,501	-	1,725,625	-	42,689,126	-
37,458,452	-	-	-	37,458,452	-
11,623,122	226,274	36,543	-	11,885,939	351,633
-	11,006,188	19,169	-	11,025,357	-
93,640,802	11,797,524	2,010,475	375,850	107,824,651	351,633
(38,051,318)	(3,619,795)	(563,206)	-	(42,234,319)	(239,885)
<u>55,589,484</u>	<u>8,177,729</u>	<u>1,447,269</u>	<u>375,850</u>	<u>65,590,332</u>	<u>111,748</u>
<u>55,589,484</u>	<u>8,177,729</u>	<u>1,447,269</u>	<u>375,850</u>	<u>65,590,332</u>	<u>111,748</u>
<u>72,801,250</u>	<u>8,509,063</u>	<u>3,901,114</u>	<u>381,796</u>	<u>85,593,223</u>	<u>1,182,734</u>
1,023,750	66,687	117,150	-	1,207,587	-
52,385	3,542	6,050	-	61,977	-
<u>1,076,135</u>	<u>70,229</u>	<u>123,200</u>	<u>-</u>	<u>1,269,564</u>	<u>-</u>
<u>\$ 73,877,385</u>	<u>\$ 8,579,292</u>	<u>\$ 4,024,314</u>	<u>\$ 381,796</u>	<u>\$ 86,862,787</u>	<u>\$ 1,182,734</u>
1,872,857	\$ 284	\$ 171,508	\$ 2,959	2,047,608	\$ 53,518
(398)	-	11,397	13	11,012	-
35,098	2,850	3,518	-	41,466	2,268
184,792	-	-	-	184,792	-
136,104	8,215	17,175	-	161,494	9,284
124,478	8,171	9,593	-	142,242	6,910
140,700	-	-	-	140,700	-
-	-	7,568	-	7,568	-
1,709,479	-	-	-	1,709,479	-
<u>4,203,110</u>	<u>19,520</u>	<u>220,759</u>	<u>2,972</u>	<u>4,446,361</u>	<u>71,980</u>
343,962	34,602	33,351	-	411,915	24,268
24,896,737	-	-	-	24,896,737	-
254,114	17,179	29,348	-	300,641	-
1,463,888	95,357	167,516	-	1,726,761	-
(1,833,957)	(8,171)	(9,593)	-	(1,851,721)	(6,910)
<u>25,124,744</u>	<u>138,967</u>	<u>220,622</u>	<u>-</u>	<u>25,484,333</u>	<u>17,358</u>
<u>29,327,854</u>	<u>158,487</u>	<u>441,381</u>	<u>2,972</u>	<u>29,930,694</u>	<u>89,338</u>
1,361,507	88,688	155,800	-	1,605,995	-
17,628	1,192	2,036	-	20,856	-
<u>1,379,135</u>	<u>89,880</u>	<u>157,836</u>	<u>-</u>	<u>1,626,851</u>	<u>-</u>
30,692,747	8,177,729	1,447,269	375,850	40,693,595	111,748
12,477,649	153,196	1,977,828	2,974	14,611,647	981,648
<u>43,170,396</u>	<u>8,330,925</u>	<u>3,425,097</u>	<u>378,824</u>	<u>55,305,242</u>	<u>1,093,396</u>
<u>\$ 73,877,385</u>	<u>\$ 8,579,292</u>	<u>\$ 4,024,314</u>	<u>\$ 381,796</u>	<u>86,862,787</u>	<u>\$ 1,182,734</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				401,581	
Total business-type activities net position				<u>\$ 55,706,823</u>	

City of Fairmont
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds			
	Water Utility (601)	Wastewater Utility (602)	Electric Utility (604)	Total Public Utilities Commission
Operating revenues				
Sales	\$ -	\$ -	\$ -	\$ -
Cost of sales	-	-	-	-
Charges for services	4,241,925	1,767,632	15,049,689	21,059,246
Miscellaneous revenues	415,105	869,621	321,339	1,606,065
Total operating revenues	<u>4,657,030</u>	<u>2,637,253</u>	<u>15,371,028</u>	<u>22,665,311</u>
Operating expenses				
Personnel services	1,265,429	669,748	1,508,825	3,444,002
Supplies	297,894	90,389	11,594,811	11,983,094
Professional services	404,313	493,544	265,513	1,163,370
Repairs and maintenance	1,875,591	212,328	292,259	2,380,178
Depreciation	971,831	638,749	480,655	2,091,235
Insurance premiums and claims paid	-	-	-	-
Total operating expenses	<u>4,815,058</u>	<u>2,104,758</u>	<u>14,142,063</u>	<u>21,061,879</u>
Operating income (loss)	(158,028)	532,495	1,228,965	1,603,432
Nonoperating revenues (expenses)				
Investment income	652	(8,423)	(19,542)	(27,313)
Intergovernmental	152,942	147,310	-	300,252
Operating grant	1,940	-	543,755	545,695
Payments to Economic Development Authority	(16,154)	(10,618)	(73,228)	(100,000)
Interest expense	(479,196)	(49,704)	-	(528,900)
Total nonoperating revenues (expenses)	<u>(339,816)</u>	<u>78,565</u>	<u>450,985</u>	<u>189,734</u>
Income (loss) before transfers	(497,844)	611,060	1,679,950	1,793,166
Capital contributions	455,380	284,543	-	739,923
Transfers in	-	-	63,846	63,846
Transfers out	<u>(588,653)</u>	<u>(372,142)</u>	<u>(604,128)</u>	<u>(1,564,923)</u>
Change in net position	(631,117)	523,461	1,139,668	1,032,012
Net position				
Beginning of year	<u>14,270,138</u>	<u>14,403,751</u>	<u>13,464,495</u>	<u>42,138,384</u>
End of year	<u>\$ 13,639,021</u>	<u>\$ 14,927,212</u>	<u>\$ 14,604,163</u>	<u>\$ 43,170,396</u>

See notes to basic financial statements.

Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Storm Sewer Utility (603)	Municipal Liquor (609)	Nonmajor Parking Lot (611)	Total	
\$ -	\$ 4,551,173	\$ -	\$ 4,551,173	\$ -
-	(3,223,150)	-	(3,223,150)	-
589,268	-	8,165	21,656,679	3,215,743
-	-	-	1,606,065	15,799
<u>589,268</u>	<u>1,328,023</u>	<u>8,165</u>	<u>24,590,767</u>	<u>3,231,542</u>
237,182	378,534	-	4,059,718	200,179
13,016	8,244	3,390	12,007,744	45,954
-	137,051	4,702	1,305,123	386,937
72,783	5,970	-	2,458,931	-
214,460	46,121	-	2,351,816	12,335
-	-	-	-	2,619,816
<u>537,441</u>	<u>575,920</u>	<u>8,092</u>	<u>22,183,332</u>	<u>3,265,221</u>
51,827	752,103	73	2,407,435	(33,679)
78	(9,892)	(27)	(37,154)	(3,057)
-	-	-	300,252	-
8,702	354	-	554,751	-
			(100,000)	
<u>(2,625)</u>	<u>-</u>	<u>-</u>	<u>(531,525)</u>	<u>-</u>
<u>6,155</u>	<u>(9,538)</u>	<u>(27)</u>	<u>186,324</u>	<u>(3,057)</u>
57,982	742,565	46	2,593,759	(36,736)
770,483	-	-	1,510,406	-
-	-	-	63,846	-
<u>-</u>	<u>(571,711)</u>	<u>-</u>	<u>(2,136,634)</u>	<u>-</u>
828,465	170,854	46	2,031,377	(36,736)
<u>7,502,460</u>	<u>3,254,243</u>	<u>378,778</u>	<u>53,273,865</u>	<u>1,130,132</u>
<u>\$ 8,330,925</u>	<u>\$ 3,425,097</u>	<u>\$ 378,824</u>	<u>\$ 55,305,242</u>	<u>\$ 1,093,396</u>

Amounts reported for business-type activities in the statement of activities are different because:

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>\$ 378,224</u>
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Change in net position- business-type activities	<u><u>\$ 2,409,601</u></u>
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City of Fairmont
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds			
	Water Utility (601)	Wastewater Utility (602)	Electric Utility (604)	Total Public Utilities Commission
Cash Flows - Operating Activities				
Receipts from customers	\$ 2,454,406	\$ 1,558,740	\$ 14,907,434	\$ 18,920,580
Interfund services provided and used	-	-	-	-
Payments to suppliers for goods and services	(2,156,932)	(404,356)	(12,114,869)	(14,676,157)
Payments to employees for services	(1,319,669)	(714,979)	(1,589,039)	(3,623,687)
Other operating revenues	415,105	869,621	321,339	1,606,065
Net cash flows - operating activities	<u>(607,090)</u>	<u>1,309,026</u>	<u>1,524,865</u>	<u>2,226,801</u>
Cash Flows - Noncapital Financing Activities				
Special assessments	1,173	-	-	1,173
Refunds and reimbursements	1,940	-	543,755	545,695
Intergovernmental receipts	152,942	147,310	-	300,252
Increase (decrease) in due to other funds	2,993	327	1,956	5,276
Transfer to other funds	(604,807)	(382,760)	(677,356)	(1,664,923)
Transfer from other funds	-	-	63,846	63,846
Net cash flows - noncapital financing activities	<u>(445,759)</u>	<u>(235,123)</u>	<u>(67,799)</u>	<u>(748,681)</u>
Cash Flows - Capital and Related Financing Activities				
Principal paid on debt	(836,000)	(768,000)	-	(1,604,000)
Interest paid on debt	(485,958)	(54,529)	-	(540,487)
Note proceeds	1,596,737	-	-	1,596,737
Acquisition of capital assets	(1,007,258)	(944,432)	(1,476,482)	(3,428,172)
Net cash flows - capital and related financing activities	<u>(732,479)</u>	<u>(1,766,961)</u>	<u>(1,476,482)</u>	<u>(3,975,922)</u>
Cash Flows - Investing Activities				
Investment income	652	(8,423)	(19,542)	(27,313)
Net change in cash and cash equivalents	(1,784,676)	(701,481)	(38,958)	(2,525,115)
Cash and Cash Equivalents				
January 1	2,512,358	3,787,121	8,016,065	14,315,544
December 31	<u>\$ 727,682</u>	<u>\$ 3,085,640</u>	<u>\$ 7,977,107</u>	<u>\$ 11,790,429</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities				
Operating income (loss)	\$ (158,028)	\$ 532,495	\$ 1,228,965	\$ 1,603,432
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Depreciation	971,831	638,749	480,655	2,091,235
Pension expense	(70,012)	(55,666)	(84,462)	(210,140)
Accounts receivable	(44,343)	(61,582)	(142,049)	(247,974)
Due from other governments	(1,743,984)	(147,310)	-	(1,891,294)
Prepaid items	34,188	-	-	34,188
Inventories	(10,221)	-	(27,526)	(37,747)
Accounts payable	396,899	391,905	65,723	854,527
Salaries payable	4,837	874	5,236	10,947
Due to other governments	-	-	(483)	(483)
Deposits	808	-	(206)	602
Unearned revenue	-	-	-	-
OPEB obligation	10,367	200	16,813	27,380
Compensated absences payable	568	9,361	(17,801)	(7,872)
Total adjustments	<u>(449,062)</u>	<u>776,531</u>	<u>295,900</u>	<u>623,369</u>
Net cash flows - operating activities	<u>\$ (607,090)</u>	<u>\$ 1,309,026</u>	<u>\$ 1,524,865</u>	<u>\$ 2,226,801</u>
Noncash Capital and Related Financing Activities				
Capital contributions	<u>\$ 455,380</u>	<u>\$ 284,543</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to basic financial statements.

Business-Type Activities - Enterprise Funds				
Nonmajor				Governmental Activities - Internal Service Funds
Storm Sewer Utility (603)	Municipal Liquor (609)	Parking Lot (611)	Total	
\$ 585,774	\$ 1,326,824	\$ 8,165	\$ 20,841,343	\$ -
-	-	-	-	3,215,743
(85,673)	(213,675)	(5,120)	(14,980,625)	(3,081,062)
(244,683)	(400,893)	-	(4,269,263)	(193,256)
-	-	-	1,606,065	15,799
<u>255,418</u>	<u>712,256</u>	<u>3,045</u>	<u>3,197,520</u>	<u>(42,776)</u>
-	-	-	1,173	-
-	354	-	546,049	-
-	-	-	300,252	-
455	519	-	6,250	(14,495)
-	(571,711)	-	(2,236,634)	-
-	-	-	63,846	-
<u>455</u>	<u>(570,838)</u>	<u>-</u>	<u>(1,319,064)</u>	<u>(14,495)</u>
(218,702)	-	-	(1,822,702)	-
(3,938)	-	-	(544,425)	-
-	-	-	1,596,737	-
<u>(226,274)</u>	<u>-</u>	<u>-</u>	<u>(3,654,446)</u>	<u>(60,438)</u>
<u>(448,914)</u>	<u>-</u>	<u>-</u>	<u>(4,424,836)</u>	<u>(60,438)</u>
<u>8,780</u>	<u>(9,892)</u>	<u>(27)</u>	<u>(28,452)</u>	<u>(3,057)</u>
(184,261)	131,526	3,018	(2,574,832)	(120,766)
<u>453,230</u>	<u>1,834,976</u>	<u>3,331</u>	<u>16,607,081</u>	<u>1,086,155</u>
<u>\$ 268,969</u>	<u>\$ 1,966,502</u>	<u>\$ 6,349</u>	<u>\$ 14,032,249</u>	<u>\$ 965,389</u>
\$ 51,827	\$ 752,103	\$ 73	\$ 2,407,435	\$ (33,679)
214,460	46,121	-	2,351,816	12,334
(11,701)	(31,521)	-	(253,362)	-
(3,494)	(1,412)	-	(252,880)	-
-	-	-	(1,891,294)	-
-	-	-	34,188	26,183
-	648	-	(37,099)	-
126	(46,436)	2,959	811,176	(54,538)
517	2,571	-	14,035	2,567
-	(16,622)	13	(17,092)	-
-	-	-	602	-
-	213	-	213	-
232	9,310	-	36,922	-
3,451	(2,719)	-	(7,140)	4,357
<u>203,591</u>	<u>(39,847)</u>	<u>2,972</u>	<u>790,085</u>	<u>(9,097)</u>
<u>\$ 255,418</u>	<u>\$ 712,256</u>	<u>\$ 3,045</u>	<u>\$ 3,197,520</u>	<u>\$ (42,776)</u>
<u>\$ 770,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,510,406</u>	<u>\$ -</u>

City of Fairmont
Statement of Fiduciary Net Position
December 31, 2021

HEAT
Tactical
Team

Assets

Cash and investments

\$ 30,452

Net Position

Restricted for individuals, organizations and other governments

\$ 30,452

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2021

HEAT
Tactical
Team

Additions

Contributions

\$ 112,007

Deductions

Public safety

128,285

Change in net position

(16,278)

Beginning net position

46,730

Ending net position

\$ 30,452

The City of Fairmont
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Fairmont (the City) operates under its own Home Rule Charter. The City is governed by an elected Mayor and a five-member Council. The Council exercises legislative authority and determines all matters of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Each discretely presented component unit is reported in a separate column in the government-wide (see note below for description) financial statements to emphasize it is legally separate from the City. The discretely presented component unit has a December 31 year end.

Discretely Presented Component Unit. The Fairmont Economic Development Authority (EDA) was created pursuant to *Minnesota Statutes* 469.090 through 469.108 to carry out economic and industrial development and redevelopment within the City in accordance with policies established by the Council. The seven-member board consists of two Council members and five other Council approved members. The City can impose its will on the EDA by significantly influencing the program, projects, activities, and other levels of service performed by the EDA. In accordance with GASB Statement No. 61, this entity is properly presented as a discretely presented component unit as a governmental fund type. Separate financial statements are not issued for this component unit. Condensed statement information for the EDA is presented starting on page 156 of these financial statements.

Other Agencies. The Fairmont Public Utilities Commission (the Commission) was established and statutory authority is provided in accordance with chapter 412.321 of the *Minnesota Statutes*. The Commission has five Council approved members who serve overlapping three-year terms. The *Minnesota Statutes* provide the Council all the discretionary authority necessary to operate the utilities except as its powers has been delegated to the Commission. The Public Utilities Commission fund considered to be part of the primary government and is included with the enterprise funds of this report.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *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 for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of 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 City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Description of Funds:

Major Governmental Funds:

General Fund – This 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 – This fund accounts for the resources accumulated and payments made for principal and interest on long- term general obligation debt of governmental funds.

Public Works Building – This fund is used to account for the construction of the Public Works Building.

Capital Reserve Fund – This fund is used to account for capital projects and equipment purchases.

2021 Capital Improvement Program – This fund is used to account for costs associated with major street replacement projects which began in 2020.

Proprietary Funds:

Water Utility Fund – Water is obtained from surface water taken from Budd Lake, treated and distributed.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary Funds: (Continued)

Wastewater Utility Fund – Sewage is collected by lift stations and treated, and then effluent is discharged into Center Creek.

Electric Utility Fund – Electricity is purchased from Southern MN Municipal Power Agency and Western Area Power Authority; the power is then distributed.

Storm Sewer Utility Fund – This fund is used to account for the operating maintenance and capital improvements of the City's Storm Sewer Utility.

Municipal Liquor Fund – This fund is used to account for the operation of the municipal off-sale liquor store.

Additionally, the government reports the following fund types:

Internal Service Funds – These funds account for data processing, fleet management and insurance services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

Fiduciary Fund

Custodial Funds – These funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The City's custodial fund accounts for activities of the HEAT Tactical Team.

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are charges between the City's Public Utilities Commission and storm sewer utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 enterprise and internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise and internal service 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.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statements of cash flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may invest idle funds as authorized by *Minnesota Statutes*, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

1. Deposits and Investments (Continued)

9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of December 31, 2021:

- Governmental agency securities of \$8,638,174 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposits of \$14,109,175 are valued using a matrix pricing model (Level 2 inputs)

The Minnesota Municipal Money Market Fund is regulated by *Minnesota Statutes* and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contacting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

2. Investment Policy

The City's investment policy follows *Minnesota Statutes*, which reduces the City's exposure to credit, custodial credit and interest rate risks. Specific risk information for the City is as follows:

- **Custodial Credit Risk:** For investments: Custodial credit risk is the risk that in the event of a failure of the counterparty, the government would not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of December 31, 2021 all investments were insured or registered, or securities were held by the City or its agent in the City's name.
- **Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper that is rated in the highest quality category by at least two nationally recognized rating agencies. The City's investment policy does not further limit the ratings of their investments.
- **Concentration of Credit Risk:** At year end, the City's investments were made with two brokers. The City's investment policy does not address concentration with a particular broker. Investment instruments are varied to prevent concentration in any one investment type.
- **Interest Rate Risk:** In accordance with its investment policy, the City diversifies its investment portfolio to eliminate the risk of loss resulting from the over-concentration of assets in a specific maturity. The maturities selected shall provide for stability of income and reasonable liquidity.

Investments for the City, as well as for its component unit, are reported at fair value. Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool in these funds is the same as the fair value of the pool shares.

It is the goal of the City to maximize interest earnings through the use of an ongoing, effective investment program. Therefore, it is the objective of the City to increase the volume of money in attractive high-yielding investments for the maximum period of time.

More than any other consideration, the safeguarding of public funds will be primary. Speculation is never justified. All investments will be properly protected with the required collateral and/or federal insurance. The City will invest only in those investment instruments authorized by statute. *Minnesota Statutes*, chapters 118A.04, 118A.05 and 118A.06 set forth the authorized investments for a municipality.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

2. Investment Policy

Investments will be scheduled through the use of revenue and expenditure charting. The maturity dates of investments shall not exceed five (5) years from the purchase date without prior approval of the Council. In cases where it is prudent to match an obligation with a maturity in excess of five (5) years, the Finance Director will receive approval from the Council prior to the purchase of such an investment. It is a policy of the City to schedule investment maturities to coincide with paying dates.

3. Property Taxes

The Council annually adopts a tax levy in December and certifies it to the County for collection in the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments in May and October. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, June and November each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the governmental fund financial statements.

4. Accounts Receivables

Accounts receivable include amounts billed for services provided before year end. Unbilled enterprise fund receivables are also included for services provided in 2021. All trade receivables are shown net of an allowance for uncollectible accounts.

5. Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

6. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

7. Inventories and Prepaid Items/Unamortized Maintenance Charges

All inventories are stated at the lower of cost or market on the first-in, first-out (FIFO) method, except for diesel fuel and coal inventories used in production of steam and electricity, which are on a last-in, first-out (LIFO) method.

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items or unamortized maintenance charges in both government-wide and fund financial statements.

8. Land Held for Resale

Land is acquired by the City for subsequent resale for development purposes. Land held for resale is reported as an asset at net realizable value in the fund that acquired it.

9. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City had already accounted for its prior infrastructure at historical cost for the initial reporting of these assets. As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the acquisition value of the item at the date of its donation.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

9. Capital Assets (Continued)

For financial statement purposes only, a capitalization threshold is established for each capital asset category as follows:

Land and land improvements	\$ 10,000
Other improvements	25,000
Buildings	25,000
Building improvements	25,000
Machinery and equipment	5,000
Vehicles	5,000
Infrastructure	100,000
Other assets	5,000

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and structures	10 - 50
System infrastructure and improvements	10 - 100
Machinery, equipment and vehicles	5 - 33

10. Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items which qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates.

11. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is recorded for unpaid accumulated sick leave. However, a liability is recognized for that portion of accumulated sick leave that is estimated will be taken as "terminal leave" prior to retirement. All vacation and sick pay is accrued when incurred in the government-wide proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For the most part, the General fund is typically used to liquidate governmental compensated absences payable.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

12. Postemployment Benefits Other Than Pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB 75, at January 1, 2021. The General fund is typically used to liquidate governmental other postemployment benefits payable.

13. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

14. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by Fairmont Fire Department Relief Association and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

14. Pensions (Continued)

The total pension expense for the General Employee Plan (GERP), Police and Fire Plan (PEFPF), and the Fairmont Fire Department Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)		Fire Relief Association	Total All Plans
	GERP	PEFPF		
Pension Expense	\$ 4,532	\$ (36,090)	\$ (161,945)	\$ (193,503)

15. Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments and intergovernmental. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Furthermore, the City has additional items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position and results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions.

16. Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable Fund Balances – These are amounts that cannot be spent because they are not in spendable form, such as prepaid items.

Restricted Fund Balances – These are amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

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

The City of Fairmont
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

16. Fund Balance (Continued)

Assigned Fund Balances – These amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Council itself or by an official to which the governing body delegates the authority. The Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Finance Director.

Unassigned Fund Balances – These amounts are the residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City's goal is to maintain an unrestricted fund balance in the General fund of 55-65 percent of the next year's budgeted expenditures of the General fund.

17. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund and Central College Incubator, Aeronautics, Lake Restoration, Local Option Sales Tax, TIF District No. 23, TIF District No. 22, TIF District No. 24, TIF District No. 25, TIF District No. 26, and TIF District No. 27 special revenue funds, the debt service fund, the Capital Reserve, Public Works Building, Street Improvement Capital Reserve, Fire Truck Replacement, Community Center, Airport Reconstruction and 2021 Capital Improvement Program capital project funds and the Discretely Presented Component Unit – Economic Development Authority. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

In August of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 30, the proposed budget is presented to the Council for review. The Council holds public hearings and a final budget is prepared and adopted in early December.

The appropriated budget is prepared by fund, function and department. The City's department heads, with the approval of the City Administrator, may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control is the department level. Budgeted amounts are as originally adopted, or as amended by the Council. No budget amendments were made during the year.

B. Deficit Fund Equity

The following funds had fund equity deficits at December 31, 2021:

Capital Projects	
2021 Capital Improvement Program	\$ 142,762

This funds deficit will be funded by future State Aid reimbursements or from capital fund reserves.

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with *Minnesota Statutes* and as authorized by the Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

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

At year end, the City's carrying amount of deposits was \$16,032,660, including \$30,452 reported in fiduciary funds. The bank balance was \$17,266,173. The bank balance was covered by federal depository insurance of \$1,000,000. Of the remaining balance, \$16,266,173, was collateralized with securities held by the pledging financial institution's trust department in the City's name. The primary government and component unit's deposits and investments are pooled.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

As of December 31, 2021, the City had the following investments and maturities:

Investment Type	Rating (Moody/S&P)	Fair Value	Investment Maturities			
			Less than One Year	1-5 Years	6-10 Years	Greater than 10 Years
Pooled Investments						
4M Fund	N/A	\$ 113,765	\$ 113,765	\$ -	\$ -	\$ -
Total Pooled Investments		<u>113,765</u>	<u>113,765</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-Pooled Investments						
Government Agency Securities	AA- AAA	8,638,174	-	8,638,174	-	-
Negotiable CDs	N/A	14,109,175	2,727,707	11,381,468	-	-
Total Non-Pooled Investments		<u>22,747,349</u>	<u>2,727,707</u>	<u>20,019,642</u>	<u>-</u>	<u>-</u>
Total		<u>\$ 22,861,114</u>	<u>\$ 2,841,472</u>	<u>\$ 20,019,642</u>	<u>\$ -</u>	<u>\$ -</u>

Cash on Hand

Cash in the possession of the City, consisting of undeposited receipts, petty cash, and change funds totals \$3,123.

Summary of cash deposits and investments as of December 31, 2021, were as follows:

Deposits (Note 3.A.)	\$ 16,032,660
Investments (Note 3.B.)	22,861,114
Petty cash	<u>3,123</u>
Total deposits and investments	<u>\$ 38,896,897</u>

Deposits and investments are presented in the December 31, 2021, basic financial statements as follows:

Statement of Net Position	
Cash and investments - City	\$ 38,368,432
Cash and investments - EDA	498,013
Statement of Fiduciary Net Position	
Cash and investments	<u>30,452</u>
Total deposits and investments	<u>\$ 38,896,897</u>

The City of Fairmont
Notes to Basic Financial Statements

NOTE 4 – NOTES RECEIVABLE

The City has received Federal grants to be used for economic development. The proceeds of these grants were loaned to businesses and are to be paid back to the City with interest at 3 percent to 6 percent within twenty years. The balance of these notes at December 31, 2021 is \$1,098,980.

The City has received Federal grants to be used for housing loans to qualified residents for home improvements. The total notes receivable as of December 31, 2021 are \$284,335 which is forgivable after seven to ten years from the note date.

NOTE 5 – 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	\$ 3,949,478	\$ -	\$ -	\$ 3,949,478
Construction in progress	11,350,788	11,810,324	(6,021,509)	17,139,603
not being depreciated	<u>15,300,266</u>	<u>11,810,324</u>	<u>(6,021,509)</u>	<u>21,089,081</u>
Capital assets being depreciated				
Buildings	9,148,687	1,169,512	-	10,318,199
Machinery and equipment	5,539,681	472,513	-	6,012,194
Improvements other than buildings	17,752,378	799,057	-	18,551,435
Vehicles	3,364,635	26,558	(15,359)	3,375,834
Bridges	4,890,518	-	-	4,890,518
Infrastructure	<u>51,963,894</u>	<u>2,501,792</u>	<u>-</u>	<u>54,465,686</u>
Total capital assets being depreciated	<u>92,659,793</u>	<u>4,969,432</u>	<u>(15,359)</u>	<u>97,613,866</u>
Less accumulated depreciation for				
Buildings	(4,444,204)	(197,170)	-	(4,641,374)
Machinery and equipment	(4,097,298)	(237,644)	-	(4,334,942)
Improvements other than buildings	(7,400,405)	(792,628)	-	(8,193,033)
Vehicles	(2,616,816)	(122,412)	15,359	(2,723,869)
Bridges	(1,670,298)	(122,261)	-	(1,792,559)
Infrastructure	<u>(22,762,178)</u>	<u>(1,307,862)</u>	<u>-</u>	<u>(24,070,040)</u>
Total accumulated depreciation	<u>(42,991,199)</u>	<u>(2,779,977)</u>	<u>15,359</u>	<u>(45,755,817)</u>
Total capital assets being depreciated, net	<u>49,668,594</u>	<u>2,189,455</u>	<u>-</u>	<u>51,858,049</u>
Governmental activities capital position, net	<u>\$ 64,968,860</u>	<u>\$ 13,999,779</u>	<u>\$ (6,021,509)</u>	<u>\$ 72,947,130</u>

Construction in progress disposals were greater than capital asset additions due to contributions of assets made to enterprise funds.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 1,718,715	\$ -	\$ -	\$ 1,718,715
Construction in progress	453,365	2,606,361	(12,664)	3,047,062
Total capital assets not being depreciated	<u>2,172,080</u>	<u>2,606,361</u>	<u>(12,664)</u>	<u>4,765,777</u>
Capital assets being depreciated				
Buildings	42,689,126	-	-	42,689,126
Machinery and equipment	11,666,578	285,390	(66,029)	11,885,939
Improvements other than buildings	46,198,045	2,285,764	-	48,483,809
Total capital assets being depreciated	<u>100,553,749</u>	<u>2,571,154</u>	<u>(66,029)</u>	<u>103,058,874</u>
Less accumulated depreciation for				
Buildings	(9,468,129)	(812,468)	-	(10,280,597)
Machinery and equipment	(7,309,410)	(500,485)	66,029	(7,743,866)
Improvements other than buildings	(23,170,993)	(1,038,863)	-	(24,209,856)
Total accumulated depreciation	<u>(39,948,532)</u>	<u>(2,351,816)</u>	<u>66,029</u>	<u>(42,234,319)</u>
Total capital assets being depreciated, net	<u>60,605,217</u>	<u>219,338</u>	<u>-</u>	<u>60,824,555</u>
Business-type activities capital assets, net	<u>\$ 62,777,297</u>	<u>\$ 2,825,699</u>	<u>\$ (12,664)</u>	<u>\$ 65,590,332</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities	
General government	\$ 72,490
Public Safety	182,138
Streets and highways	1,527,362
Culture and recreation	464,292
Housing and Economic Development	48,998
Airport	472,362
Internal service funds	<u>12,335</u>
Total depreciation expense - governmental activities	<u>\$ 2,779,977</u>
Business-type activities	
Electric Utility	\$ 480,655
Water Utility	971,831
Wastewater Utility	638,749
Storm Sewer	214,460
Liquor	<u>46,121</u>
Total depreciation expense - business-type activities	<u>\$ 2,351,816</u>

The City of Fairmont
Notes to Basic Financial Statements

NOTE 6 – COMMITMENTS

The City has active construction projects as of December 31, 2021. At year end the City's commitments with contractors are as follows:

Fund	Commitment	Contract Amount
Capital Reserve	\$ 133,624	\$ 2,830,781
Public Works Building	1,509,484	7,596,989
2021 Capital Improvement Program	128,347	1,857,707
Water	1,013,279	3,003,713
Sewer	54,931	500,757
Total	<u>\$ 2,839,665</u>	<u>\$ 15,789,947</u>

NOTE 7 – INTERFUND ASSETS/LIABILITIES

A. Due To/From Other Funds

The composition of interfund balances as of December 31, 2021, is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor governmental	Capital Reserve	\$ 853,244
	2021 Capital Improvement Program	7,854
Internal service		
Medical self-insurance	Public Utilities Commission	
	Water Utility fund	13,045
	Electric Utility fund	15,149
	Storm Sewer Utility	2,850
	General	58,691
Worker's compensation self-insurance	Nonmajor governmental	1,856
	Public Utilities Commission	
	Wastewater Utility fund	6,904
	Municipal Liquor	3,518
	Internal service	
	Central garage and equipment	<u>2,268</u>
Total		<u>\$ 965,379</u>

The above amounts represent interfund billings that will repaid during the first quarter of 2021 as well as interfund balances related to negative cash.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 8 – INTERFUND TRANSFERS

Transfers Out	Transfers In					Total
	General	Debt Service	Capital Reserve (405)	Nonmajor Governmental	Electric	
General	\$ -	\$ -	\$ 232,566	\$ 80,000	\$ 63,846	\$ 376,412
Nonmajor governmental	-	36,555	190,000	913,502	-	1,140,057
Water Utility	133,273	-	-	455,380	-	588,653
Wastewater Utility	87,599	-	-	284,543	-	372,142
Electric Utility	604,128	-	-	-	-	604,128
Liquor Store	48,011	-	461,700	62,000	-	571,711
Total	<u>\$ 873,011</u>	<u>\$ 36,555</u>	<u>\$ 884,266</u>	<u>\$ 1,795,425</u>	<u>\$ 63,846</u>	<u>\$ 3,653,103</u>

The transfer of \$48,011 from the Municipal Liquor fund to the General fund is for the City Hall Elevator.

The transfer of \$461,700 from the Municipal Liquor fund to the Capital Reserve Fund is for the City hall Elevator (\$52,876), the SMEC doors (\$30,000), Airport Improvements (\$103,824), Amber Lake Boat Landing (\$125,000), Aquatic Park Improvements (\$120,000) and Sylvania Park Trail (\$30,000).

The transfer of \$62,000 from the Municipal Liquor fund to Nonmajor Governmental funds includes a \$52,000 to the SMEC fund to cover the fund's deficit and a \$10,000 to the Mini Golf fund for capital projects.

The transfer of \$825,000 from the Water Utility (\$133,273), Wastewater Utility (\$87,599) and the Electric Utility (\$604,128) funds to the General fund is payment in lieu of taxes.

The transfer of \$455,380 from the Water Utility and \$284,543 from the Wastewater Utility to the Nonmajor Governmental Funds are to subsidize project costs.

Transfer from the General fund to Nonmajor Governmental funds for \$80,000 for fire calls.

Transfer from the General Fund to the Capital Reserve Fund of \$232,566 is to subsidize the purchase of equipment and payment of projects.

Transfer from the General Fund to the Electric Utility Fund of \$63,846 for delinquent utility payments.

Transfer from the Nonmajor Governmental funds to the Capital Reserve Fund for \$190,000 to subsidize payment of projects.

Transfer from the Nonmajor Governmental funds to other Nonmajor Governmental Funds for \$913,502 for the Community Center study.

Transfer from the Nonmajor Governmental fund to Debt Service Fund for \$36,555 to subsidize payment of debt.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 9 – LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund both general obligation and revenue bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

Primary Government Debt

A. General Obligation Improvement Bonds

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partly financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments.

	Date	Rates	Issue	Maturity	End of Year	One Year
G.O. Improvement Crossover Refunding Bonds, Series 2012A	03/15/12	0.50%-1.95%	\$ 5,755,000	03/01/24	\$ 1,275,000	\$ 580,000
G.O. Improvement Bonds, Series 2015A	08/20/15	2.00%-3.00%	2,330,000	03/01/31	1,490,000	135,000
G.O. Improvement Crossover Refunding Bonds, Series 2016A	05/01/16	1.50%-2.00%	2,715,000	03/01/27	1,625,000	300,000
G.O. Improvement Bonds, Series 2017A	07/18/17	2.00%-3.00%	2,950,000	03/01/33	2,435,000	175,000
G.O. Improvement Bonds, Series 2019A	06/06/19	3.00%	2,600,000	03/01/35	2,460,000	145,000
G.O. Improvement and Refunding Bonds, Series 2021A	06/01/21	1.15%-3.00%	3,280,000	03/01/37	3,280,000	110,000
G.O. Improvement Bonds, Series 2021B	06/01/21	1.10%-3.00%	6,935,000	03/01/51	6,935,000	200,000
Total					<u>\$ 19,500,000</u>	<u>\$ 1,645,000</u>

The City of Fairmont
Notes to Basic Financial Statements

NOTE 9 – LONG-TERM DEBT (CONTINUED)

A. General Obligation Bonds (Continued)

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31,	G.O. Revenue Bonds/Notes Governmental Activities		
	Principal	Interest	Total
2022	\$ 1,645,000	\$ 482,909	\$ 2,127,909
2023	1,520,000	393,021	1,913,021
2024	1,560,000	357,540	1,917,540
2025	1,240,000	323,971	1,563,971
2026	1,200,000	293,366	1,493,366
2027-2031	5,025,000	1,043,684	6,068,684
2032-2036	3,210,000	554,411	3,764,411
2037-2041	1,355,000	344,811	1,699,811
2042-2046	1,300,000	219,531	1,519,531
2047-2051	1,445,000	78,041	1,523,041
Total	<u>\$ 19,500,000</u>	<u>\$ 4,091,285</u>	<u>\$ 23,591,285</u>

B. General Obligation Revenue Bonds/Notes

The following bonds were issued to finance capital improvements to the Public Utilities Commission and Storm Sewer Utility funds. They will be retired from net revenue of these funds.

	Issue Date	Interest Rates	Original Issue	Final Maturity	Balance End of Year	Due Within One Year
2004 G.O. Revenue Notes (PFA)	05/25/04	1.73%	\$ 13,248,347	08/20/24	\$ 2,384,000	\$ 781,000
2011 G.O. Revenue Notes (PFA)	10/11/11	2.23%	28,902,811	08/20/41	20,916,000	855,000
2021 G.O. Revenue Notes (PFA)	12/21/21	1.00%	2,760,479	08/20/42	1,596,737	73,479
Total					<u>\$ 24,896,737</u>	<u>\$ 1,709,479</u>

The City of Fairmont
Notes to Basic Financial Statements

NOTE 9 – LONG-TERM DEBT (CONTINUED)

B. General Obligation Bonds (Continued)

Annual debt service requirements to maturity for G.O. Revenue Notes are as follows:

Year Ending December 31,	G.O. Revenue Bonds/Notes Governmental Activities		
	Principal	Interest	Total
2022	\$ 1,709,479	\$ 518,298	\$ 2,227,777
2023	1,791,000	502,768	2,293,768
2024	1,824,000	468,266	2,292,266
2025	1,038,000	433,108	1,471,108
2026	1,060,000	411,449	1,471,449
2027-2031	5,639,000	1,715,750	7,354,750
2032-2036	6,256,000	1,099,703	7,355,703
2037-2041	6,596,000	413,787	7,009,787
2042	147,000	1,470	148,470
Total	<u>\$ 26,060,479</u>	<u>\$ 5,564,599</u>	<u>\$ 31,625,078</u>

Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments for the year ended December 31, 2021 are as follows:

	Water Utility	Wastewater Utility	Storm Water Utility
Revenues	\$ 4,657,545	\$ 2,637,253	\$ 589,268
Principal and Interest	1,321,958	822,529	222,640
Percentage of Revenues	28.4%	31.2%	37.8%

In December 2021, the City issued \$2,760,479 of General Obligation PFA Revenue Note, Series 2021 for the purpose of financing the eligible projects costs of the Clean Water State Revolving Fund project to rehabilitate a lime pond. The aggregate principal amount of the loan disbursed and outstanding will bear interest at the rate of 1.00 percent per annum accruing from and after the date of the Note, which is December 21, 2021, through the date on which no principal of the loan remains unpaid and all accrued interest and servicing fees have been paid.

The annual debt service requirements to maturity presented are based on the final projected costs and debt authorized by the Minnesota Public Facilities Authority. The balance of the debt represents costs incurred through December 31, 2021.

Interest will be payable beginning on August 20, 2022, with regular interest and principal payments every six months thereafter on a semi-annual basis. This is projected to continue until August 20, 2041, if all amounts are disbursed as projected, and all payments are made on a timely basis.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 9 – LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation special assessment bonds	\$ 11,900,000	\$ 10,215,000	\$ (2,615,000)	\$ 19,500,000	\$ 1,645,000
Plus (less) deferred amounts for premium and discount	198,120	297,819	(40,242)	455,697	-
Total bonds payable	12,098,120	10,512,819	(2,655,242)	19,955,697	1,645,000
Sick Leave/Severance Payable	542,387	515,296	(506,870)	550,813	203,317
Total governmental activities	<u>\$ 12,640,507</u>	<u>\$ 11,028,115</u>	<u>\$ (3,162,112)</u>	<u>\$ 20,506,510</u>	<u>\$ 1,848,317</u>
	Ending Balance	Additions	Retirements	Ending Balance	Due Within One Year
Business-type activities					
Bonds payable					
G.O. revenue bonds	\$ 210,000	\$ -	\$ (210,000)	\$ -	\$ -
Notes from direct borrowing	24,904,000	1,596,737	(1,604,000)	24,896,737	1,636,000
Plus (less) deferred amounts for premium or discount	8,702	-	(8,702)	-	-
Total bonds payable	25,122,702	1,596,737	(1,822,702)	24,896,737	1,636,000
Sick Leave/Severance Payable	419,055	314,250	(321,390)	411,915	142,242
Total business-type activities	<u>\$ 25,541,757</u>	<u>\$ 1,910,987</u>	<u>\$ (2,144,092)</u>	<u>\$ 25,308,652</u>	<u>\$ 1,778,242</u>

On June 1, 2021, the City issued \$3,280,000 of General Obligation Improvement and Refunding Bonds, Series 2021A, for the purpose of current refunding \$980,000 of outstanding 2013 improvement bonds. The bonds have an interest rates of 1.15% to 3.00% and have a final maturity of March 1, 2037. As a result of refunding, the City obtained an economic gain (difference between present values of the debt service payments on the old and new debt) of approximately \$101,951.

D. Conduit Debt Obligations

The City has issued a Housing Facilities Revenue Refunding Note to provide financial assistance to Goldfinch Estates for the acquisition, construction and operation of a 72-unit senior living facility deemed to be in the public interest. The bonds are secured by the property financed and are payable solely by Goldfinch Estates. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Issued To	Issue Date	Amount Issued	Balance at Year End
Goldfinch Estates - Vista Prairie Communities Project	5/21/2015	\$ 5,454,000	\$ 4,279,307

The City of Fairmont
Notes to Basic Financial Statements

NOTE 10 – COMPONENTS OF FUND BALANCE

At December 31, 2021, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General Fund	Debt Service	Capital Project Funds			Other Governmental Funds	Total
			Public Works Building (440)	Capital Reserve (405)	2021 Capital Improvement Program (481)		
Fund balances							
Nonspendable							
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,200	\$ 3,200
Restricted							
Debt service	-	2,275,614	-	-	-	-	2,275,614
Capital projects	-	-	-	-	-	3,628,636	3,628,636
Housing and economic development	-	-	-	-	-	2,273,334	2,273,334
Inclusive playground	-	-	-	-	-	50,336	50,336
iPaddle port	-	-	-	-	-	5,000	5,000
Mini golf course	-	-	-	-	-	8,553	8,553
Total restricted	-	2,275,614	-	-	-	5,965,859	8,241,473
Committed							
Police department capital	12,720	-	-	-	-	-	12,720
Bike trail	2,897	-	-	-	-	-	2,897
LaFrance	4,172	-	-	-	-	-	4,172
Fire department	194,775	-	-	-	-	-	194,775
Aeronautics	-	-	-	-	-	503,322	503,322
Capital projects	-	-	2,858,374	387,270	-	3,368,741	6,614,385
Central college incubator	-	-	-	-	-	79,341	79,341
Conservation	-	-	-	-	-	356,614	356,614
Wetland bank	-	-	-	-	-	112,176	112,176
Micro loans	-	-	-	-	-	28,780	28,780
Total committed	214,564	-	2,858,374	387,270	-	4,448,974	7,909,182
Assigned							
Cash flow	3,000,000	-	-	-	-	-	3,000,000
Police equipment	46,223	-	-	-	-	-	46,223
Fire equipment	61,000	-	-	-	-	-	61,000
Housing demolition	93,276	-	-	-	-	-	93,276
Engineer equipment	75,000	-	-	-	-	-	75,000
Aquatic park	29,848	-	-	-	-	-	29,848
Finance equipment	195,367	-	-	-	-	-	195,367
Drug enforcement	48,573	-	-	-	-	-	48,573
Capital projects	-	-	-	-	-	75,767	75,767
Government building	1,153,064	-	-	-	-	-	1,153,064
Street equipment	120,880	-	-	-	-	-	120,880
Park trail	537,582	-	-	-	-	-	537,582
Total assigned	5,360,813	-	-	-	-	75,767	5,436,580
Unassigned	1,447,582	-	-	-	(142,762)	-	1,304,820
Total fund balances	\$ 7,022,959	\$ 2,275,614	\$ 2,858,374	\$ 387,270	\$ (142,762)	\$ 10,493,800	\$ 22,895,255

NOTE 11 – PENSION PLANS

The City participates in various pension plans. Total pension expense for the year ended December 31, 2021, was (\$193,503), of that amount, (\$142) has been allocated to the discretely presented component unit – Economic Development Authority. The components of pension expense are noted in the following plan summaries.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

The General fund, EDA, Water, Sewer, Electric, Storm and Liquor Funds typically liquidate the liability related to pensions.

Public Employees' Retirement Association

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.

General Employees Retirement Plan

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

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.

Public Employees Police and Fire Plan

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 service.

General Employee Plan Benefits

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

The City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employee Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. 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.

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 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3.0 percent 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 is 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.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2021 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2021, were \$407,533. The City's contributions were equal to the required contributions as set by state statute.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Contributions (Continued)

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.8% of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.7% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2021, were \$279,419. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2021, the City reported a liability of \$3,117,427 for its proportionate share of the General Employees Fund's net pension liability, of that amount, \$57,435 has been allocated to the discretely presented component unit – Economic Development Authority. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$95,289.

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 proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0730% at the end of the measurement period and 0.0718% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 3,117,427
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>95,289</u>
Total	<u><u>\$ 3,212,716</u></u>

For the year ended December 31, 2021, the City recognized pension expense of \$4,532 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$7,688 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, of that amount, \$142 has been allocated to the discretely presented component unit – Economic Development Authority.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees’ Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At December 31, 2021, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 18,969	\$ 95,221
Changes in actuarial assumptions	1,903,437	67,975
Net Collective difference between projected and actual investment earnings	-	2,705,740
Change in proportion	53,958	30,465
Contributions paid to PERA subsequent to the measurement date	203,766	-
Total	<u>\$ 2,180,130</u>	<u>\$ 2,899,401</u>

The \$203,766 reported as deferred outflows of resources related to pensions resulting from City of Fairmont contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022, of this amount, \$7,508 has been contributed by the discretely presented component unit – Economic Development Authority. From the total above amounts, \$40,167 of deferred outflows of resources and \$53,418 of the deferred inflows of resources has been allocated to the discretely presented component unit – Economic Development Authority.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2022	\$ (141,557)
2023	(37,063)
2024	(8,034)
2025	(736,383)
Total	<u>\$ (923,037)</u>

The City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs

At December 31, 2021, the City reported a liability of \$980,319 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 proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1285% at the end of the measurement period and 0.1363% 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 aid 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 it is not anticipated that they will be phased out during the fiscal year ended 2022.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer 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 December 31, 2021, the City recognized pension expense of (\$36,090) for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$8,116 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City also recognized \$11,565 for the year ended December 31, 2021, as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

At December 31, 2021, the City reported its proportionate share of Police and Fire Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 193,382	\$ -
Changes in actuarial assumptions	1,457,811	524,190
Net Collective difference between projected and actual investment earnings	-	1,886,416
Change in proportion	82,442	201,015
Contributions paid to PERA subsequent to the measurement date	139,709	-
Total	<u>\$ 1,873,344</u>	<u>\$ 2,611,621</u>

The \$139,709 reported as deferred outflows of resources related to pensions resulting from City of Fairmont 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 outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2022	\$ (713,861)
2023	(102,501)
2024	(143,462)
2025	(220,165)
2026	302,003
Total	<u>\$ (877,986)</u>

The City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term</u>
Domestic equity	33.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
	<hr/>	
Total	100.0 %	
	<hr/> <hr/>	

F. Actuarial 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.%. 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.

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. 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 are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

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

The City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Assumptions (Continued)

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 7.5% to 6.5% 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 previous valuation.

Police and Fire Fund

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The inflation assumption was changed from 2.5% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.0%.
- 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 resulted 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 resulted in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted 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 previous valuation.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

G. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following presents the City's and EDA'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 and EDA'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:

	1% Decrease in Discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
General Employees Retirement Fund net pension liability			
City of Fairmont	\$ 6,243,517	\$ 3,059,992	\$ 450,121
Discretely presented component unit - Economic Development Authority	114,443	57,435	8,251
	1% Decrease in Discount rate (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
City of Fairmont proportionate share of			
Police and Fire Fighters net pension liability	\$ 3,149,063	\$ 980,319	\$ (776,469)

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.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Single Employer Defined Benefit Pension Plan - Volunteer Fire Relief Association

A. Plan Description

All members of the Fairmont Fire Department (the Department) are covered by a defined benefit plan administered by the Fairmont Fire Department Relief Association (the Association). As of December 31, 2019, the plan covered 30 active firefighters and 3 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with *Minnesota Statute*, chapter 69. The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of *Minnesota Statutes* 1980). Funds are also derived from investment income.

B. Benefits Provided

A fire fighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full service pension upon retirement. The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

C. Contributions

Minnesota Statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in *Minnesota Statutes* and voluntary City contributions (if applicable). The State of Minnesota contributed \$97,861 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2020, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2021, were \$97,861. The City's contributions were equal to the required contributions as set by state statute.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Single Employer Defined Benefit Pension Plan - Volunteer Fire Relief Association (Continued)

D. Pension Costs

At December 31, 2021, the City reported a net pension asset of \$540,575 for the plan. The net pension liability was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability in accordance with GASB 68 was determined by VanIwaarden applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2020	\$ 1,458,111	\$ 1,786,222	\$ (328,111)
Changes for the Year			
Service cost	48,887	-	48,887
Interest	74,718	-	74,718
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions - State and local	-	95,847	(95,847)
Contributions - member	-	21,310	(21,310)
Net investment income	-	235,096	(235,096)
Benefit payments	(296,972)	(296,972)	-
Administrative expenses	-	(16,184)	16,184
Total Net Changes	<u>(173,367)</u>	<u>39,097</u>	<u>(212,464)</u>
Ending Balance December 31, 2020	<u>\$ 1,284,744</u>	<u>\$ 1,825,319</u>	<u>\$ (540,575)</u>

For the year ended December 31, 2021, the City recognized pension expense of (\$161,945). At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability	\$ -	\$ 179,362
Changes in actuarial assumptions	36,908	13,142
Net difference between projected and actual earnings on pension plan investments	-	204,451
City contributions subsequent to the measurement date	<u>97,861</u>	<u>-</u>
Total	<u>\$ 134,769</u>	<u>\$ 396,955</u>

The City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Single Employer Defined Benefit Pension Plan - Volunteer Fire Relief Association (Continued)

D. Pension Costs (Continued)

Deferred outflows of resources totaling \$97,861 related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2022.

Amounts reported as deferred outflows and inflows of resources related to the Association's pension will be recognized in pension expense as follows:

Year Ended December	Pension Expense Amount
2022	\$ (90,624)
2023	(77,624)
2024	(99,580)
2025	(50,102)
2026	(19,009)
Thereafter	(23,108)
Total	<u>\$ (360,047)</u>

E. Actuarial Assumptions

The actuarial total pension liability was determined as of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Actuarial assumptions:	
Discount rate	5.50 %
Investment rate of return	5.50
Inflation	2.50

There were no changes in actuarial assumptions in 2021.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Single Employer Defined Benefit Pension Plan - Volunteer Fire Relief Association (Continued)

E. Actuarial Assumptions (Continued)

The 5.50 percent long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

Best estimates of geometric real and nominal rates of return for each major asset class included in the pension plan's asset allocation as of December 31, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Domestic equity	40.00 %	4.76 %
International equity	5.00	5.41
Fixed income	35.00	2.01
Real estate and alternatives	5.00	4.53
Cash and equivalents	15.00	0.74
	<u>100.00 %</u>	
Total portfolio	<u>100.00 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 5.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive 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.

G. Pension Liability Sensitivity

The following presents the City's net pension liability for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension liability would be if it were calculated using a discount rate one percent lower or one percent higher than the current discount rate:

<u>City of Fairmont's proportionate share of</u>	<u>1% Decrease in Discount Rate (4.50%)</u>	<u>Discount Rate (5.50%)</u>	<u>1% Increase in Discount Rate (6.50%)</u>
Net pension liability	\$ (499,504)	\$ (540,575)	\$ (579,191)

The City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Single Employer Defined Benefit Pension Plan - Volunteer Fire Relief Association (Continued)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. The report may be obtained by writing to the Fairmont Fire Department Relief Association, 100 Downtown Plaza, Fairmont, MN 56031.

NOTE 12 – RETIREE HEALTH INSURANCE

A. Plan Description

The City administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the City and the union representing employees and are renegotiated each three-year bargaining period. The component unit is included in the City's plan. The Retiree Health Plan does not issue a publicly available financial report.

B. Benefits Provided

Retirees

In addition to the benefits described above, The City is required by State Statute to allow retirees to continue participation in the City's group health insurance plan if the individual terminates service with the City through service retirement or disability retirement. Eligibility for continuing group health and dental insurance for City retirees is defined as follows:

- 1) Retirees who are at least 55 years of age and are PERA Basic, PERA Coordinated, or PERA Defined Contribution eligible; or
- 2) Retirees who are members of the PERA Police and Fire Fund who are at least 50 years of age and are PERA Police and Fire Pension eligible; or
- 3) Former employees approved for disability retirement by PERA.

Employees may obtain spouse coverage at retirement or add spouse coverage at the beginning of an enrollment year. Covered spouses may continue coverage after the retiree's death.

All health care coverage is provided through the City's group health insurance plans. The retiree is required to pay 100% of their premium cost for the City-sponsored group health insurance plan in which they participate. The premium is a blended rate determined on the entire active and retiree population. Since the projected claims costs for retirees exceed the blended premium paid by retirees, the retirees are receiving an implicit rate subsidy (benefit). The coverage levels are the same as those afforded to active employees. Retirees and spouses are eligible to remain in the City-sponsored group health insurance plan until death or the obtainment of Medicare, provided the applicable premiums are paid.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 12 – RETIREE HEALTH INSURANCE (CONTINUED)

B. Benefits Provided

Disabled police and firefighter

In accordance with *Minnesota Statute* 299A.465, the City is responsible to continue payment of the City's contribution toward health coverage for police officers or the firefighters disabled in the line of duty; or a surviving spouse and/or dependents of a police officer or the firefighters killed in the line of duty. The contribution continues until the police officer, firefighters or surviving spouse reaches age 65 or the dependent is no longer eligible under the contract.

C. Contributions

Contribution requirements also are negotiated between the City and union representatives. The City does not contribute to the cost of current-year premiums for eligible retired plan members and their spouses. For fiscal year 2021, implicit contributions totaled \$9,698.

D. Members

As of January 1, 2021, the following were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	5
Active employees	<u>89</u>
Total	<u><u>94</u></u>

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2021, with a measurement date of January 1, 2021. Using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Investment rate of return	2.00%, net of investment expense
Salary increases	Rates vary by service and contract group
Inflation	2.00%
Healthcare cost trend increases	6.50% initially, decreasing over five years to rate of 5.0%, then 4.0%
Mortality assumption	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale

The City of Fairmont
Notes to Basic Financial Statements

NOTE 12 – RETIREE HEALTH INSURANCE (CONTINUED)

E. Actuarial Assumptions (Continued)

The discount rate used to measure the total OPEB liability was 2.00 percent. Since the plan is not funded (has no Assets), the discount rate was developed by estimating the long term investment yield on the employer funds that will be used to pay benefits as they come due.

The long-term inflation assumption has been chosen based on a review of historical changes in the Consumer Price Index (CPI.) Published projections of future inflation rates were also considered.

The salary scale increases percentage has been determined based on the long-term inflation assumption plus any additional wage increase assumption in excess of inflation. The additional wage assumption is based on a review of increases in the taxable wage base compared to inflation. Any additional information on expected salary increases provided by the City is also reflected in this assumption.

The medical trend rates have been chosen based on a review of historical health care increase rates, projected health care increase rates, and projected health care expenditures as a percentage of GDP. The components of health care costs were considered when developing the aggregate set of trend rates.

F. Total OPEB Liability

The City's total OPEB liability of \$715,811 was measured as of January 1, 2021, and was determined by an actuarial valuation as of January 1, 2021, of this amount \$10,021 was allocated to the discretely presented component unit – Economic Development Authority.

Changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balances at January 1, 2020	<u>\$ 569,122</u>
Changes for the year	
Service cost	47,762
Interest	23,072
Differences between expected and actual economic experience	62,784
Assumption changes	32,698
Net investment income	-
Benefit payments	<u>(19,627)</u>
Net changes	<u>146,689</u>
Balances at January 1, 2021	<u><u>\$ 715,811</u></u>

The City of Fairmont
Notes to Basic Financial Statements

NOTE 12 – RETIREE HEALTH INSURANCE (CONTINUED)

F. Total OPEB Liability (Continued)

Since the prior measurement date, the following assumptions changed:

- 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 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The inflation rate was changed from 2.50% to 2.00%.
- The retirement and withdrawal tables for non-public safety employees were updated.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.80% to 2.00%.

G. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 2.00% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

	Total OPEB Liability (Asset)		
	1% Decrease in Discount Rate (1.00%)	Current Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
City of Fairmont	\$ 753,410	\$ 705,790	\$ 660,493
EDA	10,697	10,021	9,378

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

	Total OPEB Liability (Asset)		
	1% Decrease in Discount Rate (1.00%)	Current Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
City of Fairmont	\$ 637,984	\$ 705,790	\$ 785,316
EDA	9,059	10,021	11,150

The City of Fairmont
Notes to Basic Financial Statements

NOTE 12 – RETIREE HEALTH INSURANCE (CONTINUED)

**H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB**

For the year ended December 31, 2021, the City recognized OPEB expense of \$80,701, of this amount \$1,130 was allocated to the discretely presented component unit – Economic Development Authority. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 28,026	\$ 49,656
Liability Losses	84,597	-
Contributions to Plan Subsequent to the Measurement Date	34,941	-
	<u>\$ 147,564</u>	<u>\$ 49,656</u>
Total	<u>\$ 147,564</u>	<u>\$ 49,656</u>

The \$34,941 reported as deferred outflows of resources related to OPEB resulting from City of Fairmont contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability in the year ended December 31, 2022, of this amount \$489 was contributed by the discretely presented component unit – Economic Development Authority. Of the above deferred amounts, \$2,066 of deferred outflows of resources and \$695 of deferred inflows of resources was allocated to the discretely presented component unit – Economic Development Authority. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December	Pension Expense
2022	\$ 9,867
2023	9,867
2024	9,867
2025	9,867
2026	9,867
2027	13,630
	<u>\$ 62,965</u>
Total	<u>\$ 62,965</u>

The City of Fairmont
Notes to Basic Financial Statements

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded this City's coverage in any of the past three fiscal years.

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

During fiscal year 1984, the City established a self-insurance fund for health and dental benefits to account for and finance its uninsured risks of loss. In 2009, the City changed its funding of this plan from a self-funded to a premium based plan through Blue Cross Blue Shield of Minnesota.

All funds of the City participate in the program and make payments to the Medical Self-insurance fund based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish a reserve for catastrophe losses. This fund has a net position of \$81,463 at December 31, 2021. The claims liability of \$14,475 reported in the fund at December 31, 2021 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Medical Self-insurance fund's claims liability amount in calendar 2021, 2020, and 2019 were:

<u>Year</u>	<u>January 1 Claims Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Current Year Claim Payments</u>	<u>Claims Liability End of Year</u>
2021	\$ 13,613	\$ 179,202	\$ (178,340)	\$ 14,475
2020	15,997	190,542	(192,926)	13,613
2019	5,307	210,703	(200,013)	15,997

During 1987, the City was unable to obtain worker's compensation and general liability insurance at a cost it considered to be economically justifiable. In 1987, the City joined the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool currently operating as a common risk management and insurance program for member cities. The City pays an annual premium to LMCIT for its workers' compensation and general liability and property insurance coverage. The Agreement for Formation of the LMCIT provides that LMCIT will be self-sustaining through member premiums. Annual claims in excess of \$10,000 per event and \$100,000 in the aggregate are covered through reinsurance.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 13 – RISK MANAGEMENT (CONTINUED)

All funds of the City participate in the program and make payments to the Property, Equipment and Liability and Workers' Compensation Self-insurance funds based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for future claims. Net position at December 31, 2021, was \$814,871 and \$107,620 for the Property, Equipment and Liability and Workers' Compensation Self-insurance funds, respectively. The claims liabilities of \$0 reported in the Property, Equipment and Liability and Worker's Compensation funds at December 31, 2021, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Property, Equipment and Liability fund's claims liability amount in calendar 2021, 2020, and 2019 were:

Year	January 1 Claims Liability	Current Year Claims and Changes in Estimates	Current Year Claim Payments	Claims Liability End of Year
2021	\$ 2,257	\$ 8,994	\$ (11,251)	\$ -
2020	27,763	23,579	(49,085)	2,257
2019	-	60,303	(32,540)	27,763

NOTE 14 – OTHER INFORMATION

A. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 14 – OTHER INFORMATION (CONTINUED)

B. Commitments

Power Purchase Commitment - Southern Minnesota Municipal Power Agency (SMMPA) is a municipal corporation of which the City of Fairmont is one of eighteen member municipalities, each of which owns and operates an electric distribution system. In 1981, the City entered into an agreement with SMMPA to purchase power from SMMPA until April 1, 2030, and in 2009 the City voted to extend the purchase power contract an additional 20 years, until April 1, 2050. The price of energy purchased is based upon the amount required to produce revenue necessary for SMMPA to meet all operating costs and debt commitments, and to maintain reasonable reserves.

C. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA) program. The amount received in 2021 was \$3,670,879. This accounted for 41 percent of General fund revenues.

NOTE 15 – TAX ABATEMENTS

As of December 31, 2021, the City has seven agreements entered into by the City listed below that abate City property taxes. Below is information specific to each agreement:

The City entered into a tax abatement agreement on September 1, 2016, with a business in which the business incurred costs for the renovation of an existing building to accommodate the manufacturing of industrial custom fabricated products. In return, the City will reimburse the business for some costs as the City collects future increment for the increased property value and tax capacity related to the economic development. The agreement has a maximum return to the developer of \$231,000 over the life of the agreement. The agreement was negotiated under state law (*Minnesota Statute* 469.1812-469.1816) and has a maximum duration of February 1, 2027. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #22) on August 22, 2011, with a developer in which the developer demolished an existing substandard building and the acquisition, construction and equipping of an approximately 10,000 square foot banking facility. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the redevelopment. The pay as-you-go agreement has a maximum return to the developer of \$591,884 over the life of the agreement. The agreement was negotiated under state law (*Minnesota Statute* 469.174-469.1799) and has a maximum duration of December 31, 2038. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #23) on September 24, 2012, with a developer in which the developer incurs costs for the construction of an approximate 15,000 square foot facility for the expansion of an existing business currently within the City. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$225,134 over the life of the agreement. The agreement was negotiated under state law (*Minnesota Statute* 469.174-469.1799) and has a maximum duration of December 31, 2022. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 15 – TAX ABATEMENTS (CONTINUED)

The City entered into a tax increment financing agreement (TIF #24) on February 23, 2015 with a developer in which the developer incurs costs for the construction of retail and office complex consisting of two buildings, one approximately 2,364 square feet and the other approximately 5,468 square feet. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$154,560 over the life of the agreement. The agreement was negotiated under state law (*Minnesota Statute 469.174-469.1794*) and has a maximum duration of December 31, 2028. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #25) on April 27, 2015 with a developer in which the developer demolished an existing substandard building and the acquisition, construction and equipping of an approximately 12,000 square foot office building. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$290,798 over the life of the agreement. The agreement was negotiated under state law (*Minnesota Statute 469.174-469.1794*) and has a maximum duration of December 31, 2025. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #26) on July 27, 2015 with a developer in which the developer incurred costs to construct a 14,000-15,000 square foot expansion to an existing assisted living facility to add approximately 20 new housing units. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the housing development. The pay-as-you-go agreement has a maximum return to the developer of \$198,641 over the life of the agreement. The agreement was negotiated under state law (*Minnesota Statute 469.174-469.1794*) and has a maximum duration of December 31, 2025. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #27) on August 22, 2016 with a developer in which the developer incurred costs to demolish an existing substandard building and the acquisition, construction and equipping a multifamily rental housing project consisting of one four plex with three bedrooms per unit and one three plex unit with three bedrooms per unit. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the housing development. The pay-as-you-go agreement has a maximum return to the developer of \$121,330 over the life of the agreement. The agreement was negotiated under state law (*Minnesota Statute 469.174-469.1794*) and has a maximum duration of December 31, 2044. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City of Fairmont
Notes to Basic Financial Statements

NOTE 15 – TAX ABATEMENTS (CONTINUED)

Lost revenue as it relates to tax abatements for the year ended December 31, 2021 was as follows:

	<u>City Tax Rate (Year of Establishment)</u>	<u>District Tax Capacity</u>	<u>Amount of Taxes Abated this Fiscal Year</u>
Tax Abatement Agreements			
Zierke Build Manufacturing Inc			\$ 25,438
Tax increment districts (PAYGO)			
TIF District #22	42.272%	\$ 50,212	21,226
TIF District #23	49.454%	19,666	9,726
TIF District #24	46.113%	13,067	6,026
TIF District #25	46.113%	42,276	19,495
TIF District #26	46.165%	29,469	13,604
TIF District #27	48.739%	10,249	4,995
			<u>\$ 100,509</u>
Total			<u>\$ 100,509</u>

NOTE 16 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending December 31, 2022.

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MD&A**

City of Fairmont
Schedule of City's Proportionate Share
of Net Pension Liability
General Employees Retirement Fund
Last Ten Years

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0748%	\$ 3,876,524	\$ -	\$ 3,876,524	\$ 4,401,419	88.1%	78.19%
2016	0.0763%	6,195,182	80,915	6,276,097	4,732,291	132.6%	68.91%
2017	0.0737%	4,704,959	59,134	4,764,093	4,745,755	100.4%	75.90%
2018	0.0735%	4,077,479	133,729	4,211,208	4,941,671	85.2%	79.53%
2019	0.0723%	3,997,305	124,328	4,121,633	5,126,826	80.4%	80.23%
2020	0.0718%	4,304,738	132,897	4,437,635	5,123,216	86.6%	79.06%
2021	0.0730%	3,117,427	95,289	3,212,716	5,257,493	61.1%	87.00%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Schedule of City's Proportionate Share
of Net Pension Liability
Public Employees Police and Fire Retirement Fund
Last Ten Years

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.1320%	\$ 1,499,829	N/A	\$ 1,499,829	\$ 1,210,129	123.94%	86.61%
2016	0.1350%	5,417,785	N/A	5,417,785	1,297,817	417.45%	63.88%
2017	0.1220%	1,647,145	N/A	1,647,145	1,256,120	131.13%	85.43%
2018	0.1402%	1,494,388	N/A	1,494,388	1,477,441	101.15%	88.84%
2019	0.1403%	1,493,635	N/A	1,493,635	1,497,356	99.75%	89.26%
2020	0.1363%	1,796,580	\$ 42,321	1,838,901	1,595,810	115.23%	87.19%
2021	0.1285%	980,319	44,567	1,024,886	1,518,282	67.50%	93.66%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

City of Fairmont
Schedule of City Contributions -
General Employees Retirement Fund
Last Ten Years

<u>Fiscal Year Ending December 31,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2015	\$ 341,037	\$ 341,037	\$ -	\$ 4,547,160	7.50%
2016	346,231	346,231	-	4,616,413	7.50%
2017	362,456	362,456	-	4,832,747	7.50%
2018	379,487	379,487	-	5,059,827	7.50%
2019	386,042	386,042	-	5,147,227	7.50%
2020	385,074	385,074	-	5,134,320	7.50%
2021	407,533	407,533	-	5,433,768	7.50%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Schedule of City Contributions -
Public Employees Police and Fire Retirement Fund
Last Ten Years

<u>Fiscal Year Ending December 31,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2015	\$ 199,315	\$ 593,750	\$ -	\$ 1,230,340	16.20%
2016	203,906	203,906	-	1,543,467	16.20%
2017	219,305	219,305	-	1,481,682	16.20%
2018	240,033	240,033	-	1,353,736	16.20%
2019	261,618	261,618	-	1,258,681	16.95%
2020	270,021	270,021	-	1,230,340	17.70%
2021	279,419	279,419	-	1,578,638	17.70%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

City of Fairmont
Notes to Required Supplementary Information

General Employees Fund

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% 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

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and 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% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions

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

City of Fairmont
Notes to Required Supplementary Information

General Employees Fund (Continued)

2019 Changes (Continued)

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

Changes in Actuarial Assumptions

- The mortality 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 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, 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 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

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

City of Fairmont
Notes to Required Supplementary Information

General Employees Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement 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 future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement 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 increased 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.

City of Fairmont
Notes to Required Supplementary Information

Police and Fire Fund

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The inflation assumption was changed from 2.5% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.0%.
- 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 resulted 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 resulted in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

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

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

Changes in Actuarial Assumptions

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

City of Fairmont
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.00% 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 10.80% to 11.30% of pay, effective January 1, 2019, and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019, and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, 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

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 CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% 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 post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

City of Fairmont
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2017 Changes (Continued)

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% 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 single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

City of Fairmont
Schedule of Changes in Net Pension Liability
and Related Ratios - Fairmont Firefighters' Benefit Association

	Measurement Date			
	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Total pension liability (TPL)				
Service cost	\$ 46,403	\$ 47,679	\$ 53,182	\$ 56,261
Interest	104,175	106,331	112,051	100,750
Gain or loss	-	-	-	-
Changes of assumptions	-	(42,248)	12,042	26,484
Differences between expected and actual experience	-	(73,104)	-	(77,198)
Benefit payments, including refunds or member contributions	(161,823)	(66,890)	(272,190)	(312,223)
Net change in total pension liability	(11,245)	(28,232)	(94,915)	(205,926)
Beginning of year	1,846,247	1,835,002	1,806,770	1,711,855
End of year	<u>\$ 1,835,002</u>	<u>\$ 1,806,770</u>	<u>\$ 1,711,855</u>	<u>\$ 1,505,929</u>
Plan fiduciary net pension (FNP)				
Employee contributions	\$ 13,760	\$ 15,320	\$ 16,800	\$ 17,420
Employer contributions	171,691	143,804	127,341	131,968
Net investment income	52,082	(24,723)	99,916	149,581
Gain or loss	-	-	-	-
Benefit payments, including refunds of member contributions	(161,823)	(66,890)	(272,190)	(312,223)
Administrative expense	(17,227)	(13,568)	(13,915)	(12,899)
Other	-	-	-	-
Net change in plan fiduciary net position	58,483	53,943	(42,048)	(26,153)
Beginning of year	1,450,370	1,508,853	1,562,796	1,520,748
End of year	<u>\$ 1,508,853</u>	<u>\$ 1,562,796</u>	<u>\$ 1,520,748</u>	<u>\$ 1,494,595</u>
Net pension liability (NPL)	<u>\$ 326,149</u>	<u>\$ 243,974</u>	<u>\$ 191,107</u>	<u>\$ 11,334</u>
Plan fiduciary net position as a percentage of the total pension liability	82.2%	86.5%	88.8%	99.2%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - Fire Relief Association

Changes in Actuarial Assumptions

- 2018 - The expected investment return and discount rate decreased from 6.25% to 6.00% to reflect updated capital market assumptions. The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2016 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2017 Minnesota PERA Police & Fire Plan actuarial valuation.

Measurement Date		
December 31, 2018	December 31, 2019	December 31, 2020
\$ 49,365	\$ 50,723	\$ 48,887
88,426	90,747	74,718
-	-	-
-	23,541	-
-	(149,682)	-
(163,048)	(37,890)	(296,972)
(25,257)	(22,561)	(173,367)
1,505,929	1,480,672	1,458,111
<u>\$ 1,480,672</u>	<u>\$ 1,458,111</u>	<u>\$ 1,284,744</u>
\$ 24,300	\$ 21,765	\$ 21,310
133,620	89,593	95,847
(44,856)	294,065	235,096
-	-	-
(163,048)	(37,890)	(296,972)
(16,378)	(13,342)	(16,171)
3,798	-	(13)
(62,564)	354,191	39,097
1,494,595	1,432,031	1,786,222
<u>\$ 1,432,031</u>	<u>\$ 1,786,222</u>	<u>\$ 1,825,319</u>
<u>\$ 48,641</u>	<u>\$ (328,111)</u>	<u>\$ (540,575)</u>
96.7%	122.5%	142.1%

City of Fairmont
Schedule of City and Non-Employer Entity Contributions -
Fairmont Firefighters' Benefit Association

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018
Employer					
Statutorily determined contribution (SDC)	\$ 153,574	\$ 134,935	\$ 151,431	\$ 151,431	\$ 104,682
Contribution in relation to the SDC	<u>192,239</u>	<u>152,186</u>	<u>144,141</u>	<u>149,388</u>	<u>161,718</u>
Contribution deficiency (excess)	<u><u>\$ (38,665)</u></u>	<u><u>\$ (17,251)</u></u>	<u><u>\$ 7,290</u></u>	<u><u>\$ 2,043</u></u>	<u><u>\$ (57,036)</u></u>

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

<u>December 31, 2019</u>	<u>December 31, 2020</u>
\$ 104,682	\$ 41,337
<u>117,157</u>	<u>119,186</u>
<u>\$ (12,475)</u>	<u>\$ (77,849)</u>

City of Fairmont
Schedule of Changes in Total OPEB Liability
and Related Ratios

	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Total OPEB Liability				
Service cost	\$ 28,185	\$ 34,697	\$ 35,738	\$ 47,762
Interest	17,344	18,140	21,006	23,072
Difference between expected and actual experience	-	49,254	-	62,784
Changes of assumptions	-	(79,452)	-	32,698
Benefit payments	(24,109)	(31,777)	(9,241)	(19,627)
Net change in total OPEB liability	21,420	(9,138)	47,503	146,689
Beginning of year	509,337	530,757	521,619	569,122
Net OPEB liability	\$ 530,757	\$ 521,619	\$ 569,122	\$ 715,811
Covered-employee payroll	\$ 5,741,610	\$ 5,667,283	\$ 5,837,301	\$ 6,281,208
Net OPEB liability as a percentage of covered-employee payroll	9.24%	9.20%	9.75%	11.40%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - OPEB

Changes in Actuarial Assumptions

- 2020 - The health care trend rates, mortality tables, salary scale assumptions, and retirement and withdrawal decrements were updated. The discount rate was changed from 3.80% to 2.00%.
- 2019 - 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 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel). The retirement and withdrawal tables for Police and Fire Personnel were updated. The discount rate was changed from 3.30% to 3.80%. The percentage of future retirees who are assumed to continue on one of the City's medical plans post-employment was reduced from 50% to 45%.
- 2018 - The discount rate was changed from 3.50% to 3.30%.

**FINANCIAL SECTION
SUPPLEMENTARY
INFORMATION**

City of Fairmont
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2021

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 2,244,344	\$ 7,309,224	\$ 9,553,568
Due from other governments	247,304	194,517	441,821
Accounts receivable	5,808	59,072	64,880
Due from other funds	-	861,098	861,098
Property taxes receivable	2,296	1,934	4,230
Special assessments receivable		83,728	83,728
Notes receivable	1,404,458	-	1,404,458
Prepaid items	3,200	-	3,200
Land held for resale	-	90,000	90,000
	<u>-</u>	<u>90,000</u>	<u>90,000</u>
Total assets	<u>\$ 3,907,410</u>	<u>\$ 8,599,573</u>	<u>\$ 12,506,983</u>
Liabilities			
Accounts payable	\$ 23,629	\$ 37,894	\$ 61,523
Due to other governments	298,977	90,000	388,977
Salaries and benefits payable	4,234	-	4,234
Interest payable	13,539	-	13,539
Due to other funds	1,856	-	1,856
Total liabilities	<u>342,235</u>	<u>127,894</u>	<u>470,129</u>
Deferred Inflows of Resources			
Unavailable revenue - taxes and assessments	2,296	85,662	87,958
Advanced appropriations - state shared tax	-	1,455,096	1,455,096
Total deferred inflows of resources	<u>2,296</u>	<u>1,540,758</u>	<u>1,543,054</u>
Fund Balances			
Nonspendable	3,200	-	3,200
Restricted	2,479,446	3,486,413	5,965,859
Committed	1,080,233	3,368,741	4,448,974
Assigned	-	75,767	75,767
Total fund balances	<u>3,562,879</u>	<u>6,930,921</u>	<u>10,493,800</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,907,410</u>	<u>\$ 8,599,573</u>	<u>\$ 12,506,983</u>

City of Fairmont
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2021

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
General property taxes	\$ 74,076	\$ 64,132	\$ 138,208
Tax increment collections	183,749	-	183,749
Miscellaneous taxes	1,261,201	238,486	1,499,687
Intergovernmental	442,000	885,433	1,327,433
Special assessments	-	18,931	18,931
Charges for services	442,722	-	442,722
Investment income	(8,779)	(24,305)	(33,084)
Loan interest	19,851	-	19,851
Miscellaneous	43,244	66,923	110,167
Total revenues	<u>2,458,064</u>	<u>1,249,600</u>	<u>3,707,664</u>
Expenditures			
Current			
Culture and recreation	18,335	19,468	37,803
Economic development	466,211	2,562	468,773
Airport	525,507	-	525,507
Conservation - water resources	3,311	-	3,311
Debt service			
Interest and other charges	3,210	7,482	10,692
Capital outlay			
Public works	-	334,399	334,399
Total expenditures	<u>1,016,574</u>	<u>363,911</u>	<u>1,380,485</u>
Excess of revenues over expenditures	1,441,490	885,689	2,327,179
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	4,096	25,000	29,096
Transfers in	52,000	1,743,425	1,795,425
Transfers out	(1,103,502)	(36,555)	(1,140,057)
Total other financing sources (uses)	<u>(1,047,406)</u>	<u>1,731,870</u>	<u>684,464</u>
Net change in fund balances	394,084	2,617,559	3,011,643
Fund Balances			
Beginning of year	<u>3,168,795</u>	<u>4,313,362</u>	<u>7,482,157</u>
End of year	<u>\$ 3,562,879</u>	<u>\$ 6,930,921</u>	<u>\$ 10,493,800</u>

City of Fairmont
Non-Major Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute, charter provision, or local ordinance to finance particular functions or activities of government.

Central College Incubator: This fund accounts for the activities relating to the operations of the Southern Minnesota Education Campus building.

Wetland Bank: This fund accounts for the management of wetland credits owned by the City.

Revolving Loan: This fund accounts for Federal and State grants received by the City which are loaned for economic development purposes under the guidelines established by the Fairmont Economic Development Authority.

Revolving Loan 2: This fund accounts for Federal and State grants received by the City which are loaned for economic development purposes under the guidelines established by the Fairmont Economic Development Authority.

Micro Loan: This fund is used to make small business micro loans up to \$10,000 for building signage, façade improvements and equipment purchases.

CARES RLF: This fund is used to make loans to assist with financial burdens put on business due to the COVID-19 outbreak.

State Housing Grant III, 2011 and 2016: These funds account for Small Cities Development Program Federal Grants used to improve housing for low income citizens within the City.

Aeronautics: This fund accounts for the administrative and maintenance costs of operating the Fairmont municipal airport.

Lake Restoration: This fund is used to improve the water quality of our lakes.

Local Option Sales Tax: This fund accounts for the City's local sales tax revenue.

Tax Increment District No. 23: This fund accounts for tax increment financing activities relative to various City projects.

Tax Increment District No. 22: This fund accounts for tax increment financing activities relative to various City projects.

Tax Increment District No. 24: This fund accounts for tax increment financing activities relative to various City projects.

City of Fairmont
Non-Major Governmental Funds

Special Revenue Funds (Continued)

Tax Increment District No. 25: This fund accounts for tax increment financing activities relative to various City projects.

Tax Increment District No. 26: This fund accounts for tax increment financing activities relative to various City projects.

Tax Increment District No. 27: This fund accounts for tax increment financing activities relative to various City projects.

Visit Fairmont: This fund is used to account for taxes collected by the City on lodging facilities. Ninety-five percent of the taxes collected are transferred to the local Convention and Visitors Bureau.

City of Fairmont
Combining Balance Sheet -
Nonmajor Special Revenue Funds
December 31, 2021

	Special Revenue			
	Central College Incubator (212)	Wetland Bank (214)	Revolving Loan (215)	Revolving Loan 2 (216)
Assets				
Cash and investments	\$ 79,538	\$ 112,176	\$ 311,907	\$ 712,743
Due from other governments	-	-	-	-
Accounts receivable	-	-	-	-
Property taxes receivable	-	-	-	-
Special assessments receivable:				
Notes receivable	-	-	300,250	484,397
Prepaid items	-	-	-	-
Total assets	<u>\$ 79,538</u>	<u>\$ 112,176</u>	<u>\$ 612,157</u>	<u>\$ 1,197,140</u>
Liabilities				
Accounts payable	\$ 197	\$ -	\$ -	\$ -
Due to other governments	-	-	-	298,977
Salaries payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	13,539
Total liabilities	<u>197</u>	<u>-</u>	<u>-</u>	<u>312,516</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes and assessments	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	612,157	884,624
Committed	79,341	112,176	-	-
Total fund balances	<u>79,341</u>	<u>112,176</u>	<u>612,157</u>	<u>884,624</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 79,538</u>	<u>\$ 112,176</u>	<u>\$ 612,157</u>	<u>\$ 1,197,140</u>

Special Revenue

Micro Loan (217)	CARES RLF (218)	State Housing Grant III (224)	State Housing Grant 2016 (228)	Aeronautics (230)	Lake Restoration (240)
\$ 16,956	\$ 93,618	\$ 368	\$ 33,607	\$ 470,564	\$ 359,402
-	-	-	-	41,192	-
-	-	-	-	(1,796)	7,604
-	-	-	-	2,296	-
11,824	316,333	9,319	282,335	-	-
-	-	-	-	3,200	-
<u>\$ 28,780</u>	<u>\$ 409,951</u>	<u>\$ 9,687</u>	<u>\$ 315,942</u>	<u>\$ 515,456</u>	<u>\$ 367,006</u>
\$ -	\$ -	\$ -	\$ -	\$ 548	\$ 10,392
-	-	-	-	-	-
-	-	-	-	4,234	-
-	-	-	-	1,856	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,638</u>	<u>10,392</u>
-	-	-	-	2,296	-
-	-	-	-	3,200	-
-	409,951	9,687	315,942	-	-
28,780	-	-	-	503,322	356,614
<u>28,780</u>	<u>409,951</u>	<u>9,687</u>	<u>315,942</u>	<u>506,522</u>	<u>356,614</u>
<u>\$ 28,780</u>	<u>\$ 409,951</u>	<u>\$ 9,687</u>	<u>\$ 315,942</u>	<u>\$ 515,456</u>	<u>\$ 367,006</u>

City of Fairmont
Combining Balance Sheet -
Nonmajor Special Revenue Funds
December 31, 2021

		Special Revenue	
	Local Option	Tax Increment	Tax Increment
	Sales Tax (250)	District No. 23	District No. 24
		(320)	(324)
Assets			
Cash and investments	\$ -	\$ 11,919	\$ 6,566
Due from other governments	206,112	-	-
Accounts receivable	-	-	-
Property taxes receivable	-	-	-
Special assessments receivable:			
Notes receivable	-	-	-
Prepaid items	-	-	-
Total assets	<u>\$ 206,112</u>	<u>\$ 11,919</u>	<u>\$ 6,566</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Due to other governments	-	-	-
Salaries payable	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenue - taxes and assessments	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	206,112	11,919	6,566
Committed	-	-	-
Total fund balances	<u>206,112</u>	<u>11,919</u>	<u>6,566</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 206,112</u>	<u>\$ 11,919</u>	<u>\$ 6,566</u>

Special Revenue

Tax Increment District No. 26 (326)	Tax Increment District No. 27 (327)	Visit Fairmont (873)	Total
\$ 16,111	\$ 5,603	\$ 13,266	\$ 2,244,344
-	-	-	247,304
-	-	-	5,808
-	-	-	2,296
-	-	-	1,404,458
-	-	-	3,200
<u>\$ 16,111</u>	<u>\$ 5,603</u>	<u>\$ 13,266</u>	<u>\$ 3,907,410</u>
\$ -	\$ -	\$ 12,492	\$ 23,629
-	-	-	298,977
-	-	-	4,234
-	-	-	1,856
-	-	-	13,539
<u>-</u>	<u>-</u>	<u>12,492</u>	<u>342,235</u>
-	-	-	2,296
-	-	-	3,200
16,111	5,603	774	2,479,446
-	-	-	1,080,233
<u>16,111</u>	<u>5,603</u>	<u>774</u>	<u>3,562,879</u>
<u>\$ 16,111</u>	<u>\$ 5,603</u>	<u>\$ 13,266</u>	<u>\$ 3,907,410</u>

City of Fairmont
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended December 31, 2021

	Special Revenue			
	Central College Incubator (212)	Wetland Bank (214)	Revolving Loan (215)	Revolving Loan 2 (216)
Revenues				
General property taxes	\$ -	\$ -	\$ -	\$ -
Tax increments	-	-	-	-
Miscellaneous taxes	-	-	-	-
Intergovernmental	-	-	-	36,765
Charges for services	-	-	-	-
Investment income	26	(308)	(1,170)	(2,216)
Loan interest	-	-	11,997	7,303
Miscellaneous	38,859	-	1,125	-
Total revenues	<u>38,885</u>	<u>(308)</u>	<u>11,952</u>	<u>41,852</u>
Expenditures				
Current				
Housing and economic development	86,964	1,500	10,461	35,075
Culture and recreation	-	-	-	-
Airport	-	-	-	-
Conservation - water resources	-	-	-	-
Debt service				
Interest and other charges	-	-	-	-
Total expenditures	<u>86,964</u>	<u>1,500</u>	<u>10,461</u>	<u>35,075</u>
Excess of revenues over (under) expenditures	(48,079)	(1,808)	1,491	6,777
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	52,000	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>52,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,921	(1,808)	1,491	6,777
Fund Balances				
Beginning of year	<u>75,420</u>	<u>113,984</u>	<u>610,666</u>	<u>877,847</u>
End of year	<u>\$ 79,341</u>	<u>\$ 112,176</u>	<u>\$ 612,157</u>	<u>\$ 884,624</u>

Special Revenue

Micro Loan (217)	CARES RLF (218)	State Housing Grant III (224)	State Housing Grant 2011 (226)	State Housing Grant 2016 (228)	Aeronautics (230)	Lake Restoration (240)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,076	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	308,544	-	-	-	96,691	-
-	-	-	-	-	377,707	65,015
(62)	-	-	-	-	(1,052)	1,817
551	-	-	-	-	-	-
-	-	-	-	-	2,835	425
<u>489</u>	<u>308,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>550,257</u>	<u>67,257</u>
20	-	-	643	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	525,507	-
-	-	-	-	-	-	3,311
-	-	-	-	-	-	3,210
<u>20</u>	<u>-</u>	<u>-</u>	<u>643</u>	<u>-</u>	<u>525,507</u>	<u>6,521</u>
469	308,544	-	(643)	-	24,750	60,736
-	-	-	-	-	4,096	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(40,000)
-	-	-	-	-	4,096	(40,000)
<u>469</u>	<u>308,544</u>	<u>-</u>	<u>(643)</u>	<u>-</u>	<u>28,846</u>	<u>20,736</u>
28,311	101,407	9,687	643	315,942	477,676	335,878
<u>\$ 28,780</u>	<u>\$ 409,951</u>	<u>\$ 9,687</u>	<u>\$ -</u>	<u>\$ 315,942</u>	<u>\$ 506,522</u>	<u>\$ 356,614</u>

City of Fairmont
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended December 31, 2021

	Special Revenue			
	Local Option Sales Tax (250)	Tax Increment District No. 23 (320)	Tax Increment District No. 22 (322)	Tax Increment District No. 24 (324)
Revenues				
General property taxes	\$ -	\$ -	\$ -	\$ -
Tax increments	-	23,839	60,866	13,131
Miscellaneous taxes	1,097,896	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	(5,814)	-	-	-
Loan interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>1,092,082</u>	<u>23,839</u>	<u>60,866</u>	<u>13,131</u>
Expenditures				
Current				
Housing and economic development	-	11,920	60,866	12,800
Culture and recreation	18,335	-	-	-
Airport	-	-	-	-
Conservation - water resources	-	-	-	-
Debt service				
Interest and other charges	-	-	-	-
Total expenditures	<u>18,335</u>	<u>11,920</u>	<u>60,866</u>	<u>12,800</u>
Excess of revenues over (under) expenditures	1,073,747	11,919	-	331
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(1,063,502)	-	-	-
Total other financing sources (uses)	<u>(1,063,502)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	10,245	11,919	-	331
Fund Balances				
Beginning of year	<u>195,867</u>	<u>-</u>	<u>-</u>	<u>6,235</u>
End of year	<u>\$ 206,112</u>	<u>\$ 11,919</u>	<u>\$ -</u>	<u>\$ 6,566</u>

Special Revenue				
Tax Increment District No. 25 (325)	Tax Increment District No. 26 (326)	Tax Increment District No. 27 (327)	Visit Fairmont (873)	Total
\$ -	\$ -	\$ -	\$ -	\$ 74,076
42,484	32,222	11,207	-	183,749
-	-	-	163,305	1,261,201
-	-	-	-	442,000
-	-	-	-	442,722
-	-	-	-	(8,779)
-	-	-	-	19,851
-	-	-	-	43,244
<u>42,484</u>	<u>32,222</u>	<u>11,207</u>	<u>163,305</u>	<u>2,458,064</u>
42,484	29,309	10,675	163,494	466,211
-	-	-	-	18,335
-	-	-	-	525,507
-	-	-	-	3,311
-	-	-	-	3,210
<u>42,484</u>	<u>29,309</u>	<u>10,675</u>	<u>163,494</u>	<u>1,016,574</u>
-	2,913	532	(189)	1,441,490
-	-	-	-	4,096
-	-	-	-	52,000
-	-	-	-	(1,103,502)
-	-	-	-	(1,047,406)
-	2,913	532	(189)	394,084
-	13,198	5,071	963	3,168,795
<u>\$ -</u>	<u>\$ 16,111</u>	<u>\$ 5,603</u>	<u>\$ 774</u>	<u>\$ 3,562,879</u>

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Central College Incubator Special Revenue Fund
Year Ended December 31, 2021

	2021			
	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Over (Under)
Revenues				
Investment income	\$ 500	\$ 500	\$ 26	\$ (474)
Other revenues	22,923	22,923	38,859	15,936
Total revenues	23,423	23,423	38,885	15,462
Expenditures				
Current				
Economic development	84,400	84,400	86,964	2,564
Total expenditures	84,400	84,400	86,964	2,564
Excess of revenues over (under) expenditures	(60,977)	(60,977)	(48,079)	12,898
Other Financing Sources (Uses)				
Transfers in	61,000	61,000	52,000	(9,000)
Total other financing sources (uses)	61,000	61,000	52,000	(9,000)
Net change in fund balance	\$ 23	\$ 23	3,921	\$ 3,898
Fund Balance				
Beginning of year			75,420	
End of year			\$ 79,341	

City of Fairmont
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual -
Aeronautics Special Revenue Fund
Year Ended December 31, 2021

	2021			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
General property taxes	\$ 75,000	\$ 75,000	\$ 74,076	\$ (924)
Intergovernmental	69,408	69,408	96,691	27,283
Charges for services	373,150	373,150	377,707	4,557
Investment income	8,000	8,000	(1,052)	(9,052)
Miscellaneous	-	-	2,835	2,835
Total revenues	<u>525,558</u>	<u>525,558</u>	<u>550,257</u>	<u>24,699</u>
Expenditures				
Current				
Airport	<u>515,684</u>	<u>515,684</u>	<u>525,507</u>	<u>9,823</u>
Total expenditures	<u>515,684</u>	<u>515,684</u>	<u>525,507</u>	<u>9,823</u>
Net change in fund balance	<u>\$ 9,874</u>	<u>\$ 9,874</u>	24,750	<u>\$ 14,876</u>
Fund Balance				
Beginning of year			<u>477,676</u>	
End of year			<u>\$ 502,426</u>	

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Lake Restoration Special Revenue Fund
Year Ended December 31, 2021

	2021			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Charges for services	\$ 65,000	\$ 65,000	\$ 65,015	\$ 15
Investment income	8,000	8,000	1,817	(6,183)
Other revenues	-	-	425	425
Total other revenues	8,000	8,000	2,242	(5,758)
Total revenues	73,000	73,000	67,257	(5,743)
Expenditures				
Current				
Lake restoration	12,095	12,095	3,311	(8,784)
Debt service				
Interest and fiscal agent	-	-	3,210	3,210
Total expenditures	12,095	12,095	6,521	(5,574)
Excess of revenues over expenditures	60,905	60,905	60,736	(169)
Other Financing Sources (Uses)				
Transfers out	(40,000)	(40,000)	(40,000)	-
Total other financing sources (uses)	(40,000)	(40,000)	(40,000)	-
Net change in fund balance	\$ 20,905	\$ 20,905	20,736	\$ (169)
Fund Balance				
Beginning of year			335,878	
End of year			\$ 356,614	

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Local Option Sales Tax Special Revenue Fund
Year Ended December 31, 2021

	2021			
	Budgeted Amounts			Variance with Final Budget - Over (Under)
	Original	Final	Actual Amounts	
Revenues				
City sales tax	\$ 850,000	\$ 850,000	\$ 1,097,896	\$ 247,896
Investment income	15,000	15,000	(5,814)	(20,814)
Total revenues	865,000	865,000	1,092,082	227,082
Expenditures				
Current				
Culture and recreation	-	-	18,335	18,335
Total expenditures	-	-	18,335	18,335
Excess of revenues over expenditures	865,000	865,000	1,073,747	208,747
Other Financing Sources (Uses)				
Transfers out	(865,000)	(865,000)	(1,063,502)	(198,502)
Total other financing sources (uses)	(865,000)	(865,000)	(1,063,502)	(198,502)
Net change in fund balance	\$ -	\$ -	10,245	\$ 10,245
Fund Balance				
Beginning of year			195,867	
End of year			\$ 206,112	

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Tax Increment District No. 23 Special Revenue Fund
Year Ended December 31, 2021

	2021		
	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original	Final	
Revenues			
Tax increments	\$ 21,034	\$ 21,034	\$ 23,839
Total revenues	21,034	21,034	23,839
Expenditures			
Current			
Economic development	21,034	21,034	11,920
Total expenditures	21,034	21,034	11,920
Net change in fund balance	\$ -	\$ -	11,919
Fund Balance			
Beginning of year			-
End of year			\$ 11,919

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Tax Increment District No. 22 Special Revenue Fund
Year Ended December 31, 2021

	2021		
	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original	Final	
Revenues			
Tax increments	\$ 56,224	\$ 56,224	\$ 60,866
Total revenues	56,224	56,224	60,866
Expenditures			
Current			
Economic development	56,224	56,224	60,866
Total expenditures	56,224	56,224	60,866
Net change in fund balance	\$ -	\$ -	-
Fund Balance			
Beginning of year			-
End of year			\$ -

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Tax Increment District No. 24 Special Revenue Fund
Year Ended December 31, 2021

	2021		
	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original	Final	
Revenues			
Tax increments	\$ 12,470	\$ 12,470	\$ 13,131
Total revenues	12,470	12,470	13,131
Expenditures			
Current			
Economic development	12,470	12,470	12,800
Total expenditures	12,470	12,470	12,800
Net change in fund balance	\$ -	\$ -	331
Fund Balance			
Beginning of year			6,235
End of year			\$ 6,566

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Tax Increment District No. 25 Special Revenue Fund
Year Ended December 31, 2021

		2021		
		Budgeted Amounts		Variance with
		Original	Final	Final Budget -
				Over (Under)
Revenues				
Tax increments	\$ 39,121	\$ 39,121	\$ 42,484	\$ 3,363
Total revenues	39,121	39,121	42,484	3,363
Expenditures				
Current				
Economic development	39,121	39,121	42,484	3,363
Total expenditures	39,121	39,121	42,484	3,363
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund Balance				
Beginning of year			-	
End of year			\$ -	

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Tax Increment District No. 26 Special Revenue Fund
Year Ended December 31, 2021

	2021			
	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Over (Under)
Revenues				
Tax increments	\$ 26,395	\$ 26,395	\$ 32,222	\$ 5,827
Total revenues	26,395	26,395	32,222	5,827
Expenditures				
Current				
Economic development	26,395	26,395	29,309	2,914
Total expenditures	26,395	26,395	29,309	2,914
Net change in fund balance	\$ -	\$ -	2,913	\$ 2,913
Fund Balance				
Beginning of year			13,198	
End of year			\$ 16,111	

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Tax Increment District No. 27 Special Revenue Fund
Year Ended December 31, 2021

		2021		
		Budgeted Amounts		Variance with
		Original	Final	Final Budget -
				Over (Under)
Revenues				
Tax increments		\$ 10,143	\$ 10,143	\$ 11,207
Total revenues		10,143	10,143	11,207
				1,064
Expenditures				
Current				
Economic development		10,143	10,143	10,675
Total expenditures		10,143	10,143	10,675
				532
Net change in fund balance		\$ -	\$ -	532
				\$ 532
Fund Balance				
Beginning of year				5,071
End of year				\$ 5,603

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City of Fairmont
Non-Major Governmental Funds

Capital Projects Funds

Capital projects funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Enterprise funds.

Street Improvement Capital Reserve: This fund is used to account for future capital project costs.

Fire Truck Replacement: This fund is used to account for costs associated with the Lair Road Bridge.

Housing: This fund is used to account for land held for resale for housing development.

Community Center: This fund is used to account for the future construction of a community center.

2019 Capital Improvement Program: This fund accounts for the construction activity associated with the 2019 Capital Improvements project.

Airport Reconstruction Project: This fund is used to account for costs associated with ongoing major repair, replacement and expansion projects at the municipal airport.

2017 Capital Improvement Program: This fund is used to account for costs associated with major street replacement projects which began in 2016.

Inclusive Playground: This fund is used to account for the donations received and the expenditures made for the inclusive playground.

iPaddle Port: This fund is used to account for the donations received and the expenditures made for purchase and operations of an iPaddleport.

Mini Golf Course: This fund is used to account for the donations received and the expenditures made for the mini golf course.

City of Fairmont
Combining Balance Sheet -
Nonmajor Capital Projects Funds
December 31, 2021

	Capital Projects			
	Street Improvement Capital Reserve (402)	Fire Truck Replacement (410)	Housing (420)	Community Center (430)
Assets				
Cash and investments	\$ 2,283,112	\$ 708,287	\$ 418,351	\$ 3,422,524
Accounts receivable	59,072	-	-	-
Due from other governments	1,307	459	-	-
Due from other funds	861,098	-	-	-
Property taxes receivable	106	1,828	-	-
Special assessments receivable	83,728	-	-	-
Land held for resale	-	-	90,000	-
Total assets	<u>\$ 3,288,423</u>	<u>\$ 710,574</u>	<u>\$ 508,351</u>	<u>\$ 3,422,524</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	90,000	-
Total liabilities	<u>-</u>	<u>-</u>	<u>90,000</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes and assessments	83,834	1,828	-	-
Advanced appropriations - state shared tax	1,455,096	-	-	-
Total deferred inflows of resources	<u>1,538,930</u>	<u>1,828</u>	<u>-</u>	<u>-</u>
Fund Balances				
Restricted	-	-	-	3,422,524
Committed	1,749,493	708,746	418,351	-
Assigned	-	-	-	-
Total fund balances	<u>1,749,493</u>	<u>708,746</u>	<u>418,351</u>	<u>3,422,524</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,288,423</u>	<u>\$ 710,574</u>	<u>\$ 508,351</u>	<u>\$ 3,422,524</u>

Capital Projects

2019 Capital Improvement Program (479)	Airport Reconstruction Project (450)	Inclusive Playground (877)	IPaddle Port (879)	Mini Golf Course (881)	Total
\$ 113,661	\$ 299,400	\$ 50,336	\$ 5,000	\$ 8,553	\$ 7,309,224
-	-	-	-	-	59,072
-	192,751	-	-	-	194,517
-	-	-	-	-	861,098
-	-	-	-	-	1,934
-	-	-	-	-	83,728
-	-	-	-	-	90,000
<u>\$ 113,661</u>	<u>\$ 492,151</u>	<u>\$ 50,336</u>	<u>\$ 5,000</u>	<u>\$ 8,553</u>	<u>\$ 8,599,573</u>
\$ 37,894	\$ -	\$ -	\$ -	\$ -	\$ 37,894
-	-	-	-	-	90,000
<u>37,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,894</u>
-	-	-	-	-	85,662
-	-	-	-	-	1,455,096
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,540,758</u>
-	-	50,336	5,000	8,553	3,486,413
-	492,151	-	-	-	3,368,741
<u>75,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,767</u>
<u>75,767</u>	<u>492,151</u>	<u>50,336</u>	<u>5,000</u>	<u>8,553</u>	<u>6,930,921</u>
<u>\$ 113,661</u>	<u>\$ 492,151</u>	<u>\$ 50,336</u>	<u>\$ 5,000</u>	<u>\$ 8,553</u>	<u>\$ 8,599,573</u>

City of Fairmont
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Capital Projects Funds
Year Ended December 31, 2021

	Capital Projects			
	Street Improvement Capital Reserve (402)	Fire Truck Replacement (410)	Housing (420)	Community Center (430)
Revenues				
General property taxes	\$ -	\$ 64,132	\$ -	\$ -
Miscellaneous taxes	238,486	-	-	-
Intergovernmental	722,645	-	-	-
Special assessments	18,931	-	-	-
Investment income	(11,804)	(2,301)	(1,277)	(7,212)
Miscellaneous	-	-	-	43,535
Total revenues	<u>968,258</u>	<u>61,831</u>	<u>(1,277)</u>	<u>36,323</u>
Expenditures				
Current				
Economic development	-	-	2,562	-
Park and recreation	-	-	-	-
Debt service				
Interest and other charges	-	-	-	-
Capital outlay				
Public works	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>2,562</u>	<u>-</u>
Excess of revenues over (under) expenditures	968,258	61,831	(3,839)	36,323
Other Financing Sources				
Proceeds from sale of capital asset	-	-	25,000	-
Transfers in	-	80,000	-	913,502
Transfers out	(36,555)	-	-	-
Total other financing sources (uses)	<u>(36,555)</u>	<u>80,000</u>	<u>25,000</u>	<u>913,502</u>
Net change in fund balances	931,703	141,831	21,161	949,825
Fund Balances				
Beginning of year	<u>817,790</u>	<u>566,915</u>	<u>397,190</u>	<u>2,472,699</u>
End of year	<u>\$ 1,749,493</u>	<u>\$ 708,746</u>	<u>\$ 418,351</u>	<u>\$ 3,422,524</u>

Capital Projects

2019 Capital Improvement Program (479)	Airport Reconstruction Project (450)	Inclusive Playground (877)	IPaddle Port (879)	Mini Golf Course (881)	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,132
-	-	-	-	-	238,486
-	162,788	-	-	-	885,433
-	-	-	-	-	18,931
-	(1,711)	-	-	-	(24,305)
-	6,750	138	-	16,500	66,923
-	167,827	138	-	16,500	1,249,600
-	-	-	-	-	2,562
-	-	-	-	19,468	19,468
7,227	255	-	-	-	7,482
334,399	-	-	-	-	334,399
341,626	255	-	-	19,468	363,911
(341,626)	167,572	138	-	(2,968)	885,689
-	-	-	-	-	25,000
739,923	-	-	-	10,000	1,743,425
-	-	-	-	-	(36,555)
739,923	-	-	-	10,000	1,731,870
398,297	167,572	138	-	7,032	2,617,559
(322,530)	324,579	50,198	5,000	1,521	4,313,362
\$ 75,767	\$ 492,151	\$ 50,336	\$ 5,000	\$ 8,553	\$ 6,930,921

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Capital Reserve Capital Project Fund
Year Ended December 31, 2021

	2021			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
General property taxes	\$ 678,400	\$ 678,400	\$ 664,122	\$ (14,278)
Intergovernmental	925,000	925,000	1,351,415	426,415
Investment income	-	-	80	80
Miscellaneous	-	-	10,700	10,700
Total revenues	<u>1,603,400</u>	<u>1,603,400</u>	<u>2,026,317</u>	<u>422,917</u>
Expenditures				
Debt service				
Interest and fiscal agent	-	-	10,566	10,566
Capital outlay				
General government	133,000	133,000	85,099	(47,901)
Public safety	142,400	142,400	150,612	8,212
Public works	454,000	454,000	346,277	(107,723)
Economic development	30,000	30,000	33,394	3,394
Airport	53,000	53,000	71,077	18,077
Culture and recreation	1,441,000	1,441,000	2,168,416	727,416
Total expenditures	<u>2,253,400</u>	<u>2,253,400</u>	<u>2,865,441</u>	<u>612,041</u>
Excess of revenues over (under) expenditures	(650,000)	(650,000)	(839,124)	(189,124)
Other Financing Sources (Uses)				
Transfers in	650,000	650,000	884,266	234,266
Total other financing sources (uses)	<u>650,000</u>	<u>650,000</u>	<u>884,266</u>	<u>234,266</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	45,142	<u>\$ 45,142</u>
Fund Balance				
Beginning of year			<u>342,128</u>	
End of year			<u>\$ 387,270</u>	

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Public Works Building Capital Project Fund
Year Ended December 31, 2021

	2021			
	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Over (Under)
Revenues				
Investment income	\$ -	\$ -	\$ (12,543)	\$ (12,543)
Total revenues	-	-	(12,543)	(12,543)
Expenditures				
Current				
Public works	-	-	10,632	10,632
Debt service				
Interest and fiscal agent	-	-	133,908	133,908
Capital outlay				
Public works	9,980,000	9,980,000	6,746,781	(3,233,219)
Total expenditures	9,980,000	9,980,000	6,891,321	(3,088,679)
Excess of revenues over (under) expenditures	(9,980,000)	(9,980,000)	(6,903,864)	3,076,136
Other Financing Sources (Uses)				
Bonds issued	7,580,000	7,580,000	6,935,000	(645,000)
Premium on bonds issued	-	-	92,523	92,523
Total other financing sources (uses)	7,580,000	7,580,000	7,027,523	(552,477)
Net change in fund balance	\$ (2,400,000)	\$ (2,400,000)	123,659	\$ 2,523,659
Fund Balance				
Beginning of year			2,734,715	
End of year			\$ 2,858,374	

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Street Improvement Capital Reserve Capital Project Fund
Year Ended December 31, 2021

	2021			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Franchise fee	\$ 265,000	\$ 265,000	\$ 238,486	\$ (26,514)
Special assessments	17,500	17,500	18,931	1,431
Intergovernmental	-	-	722,645	-
Investment income	45,000	45,000	(11,804)	(56,804)
Total revenues	<u>327,500</u>	<u>327,500</u>	<u>968,258</u>	<u>(81,887)</u>
Other Financing Sources (Uses)				
Transfers out	(51,627)	(51,627)	(36,555)	15,072
Total other financing sources (uses)	<u>(51,627)</u>	<u>(51,627)</u>	<u>(36,555)</u>	<u>15,072</u>
Net change in fund balance	<u>\$ 275,873</u>	<u>\$ 275,873</u>	931,703	<u>\$ (66,815)</u>
Fund Balance				
Beginning of year			<u>817,790</u>	
End of year			<u>\$ 1,749,493</u>	

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Fire Truck Replacement Capital Project Fund
Year Ended December 31, 2021

	2021			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
General property taxes	\$ 65,000	\$ 65,000	\$ 64,132	\$ (868)
Investment income	2,500	2,500	(2,301)	(4,801)
Total other revenues	2,500	2,500	(2,301)	(4,801)
Total revenues	67,500	67,500	61,831	(5,669)
Expenditures				
Capital outlay				
Public safety	300,000	300,000	-	(300,000)
Total expenditures	300,000	300,000	-	(300,000)
Excess of revenues under expenditures	(232,500)	(232,500)	61,831	294,331
Other Financing Sources (Uses)				
Transfers in	80,000	80,000	80,000	-
Total other financing sources (uses)	80,000	80,000	80,000	-
Net change in fund balance	\$ (152,500)	\$ (152,500)	141,831	\$ 294,331
Fund Balance				
Beginning of year			566,915	
End of year			\$ 708,746	

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Community Center Capital Project Fund
Year Ended December 31, 2021

	2021			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ (7,212)	\$ (7,212)
Miscellaneous	-	-	43,535	43,535
Total revenues	-	-	36,323	36,323
Excess of revenues over expenditures	-	-	36,323	36,323
Other Financing Sources (Uses)				
Transfers in	715,000	715,000	913,502	198,502
Total other financing sources (uses)	715,000	715,000	913,502	198,502
Net change in fund balance	\$ 715,000	\$ 715,000	949,825	\$ 234,825
Fund Balance				
Beginning of year			2,472,699	
End of year			\$ 3,422,524	

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Airport Reconstruction Capital Project Fund
Year Ended December 31, 2021

	2021			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$ 407,176	\$ 407,176	\$ 162,788	(244,388)
Investment income	-	-	(1,711)	(1,711)
Miscellaneous	-	-	6,750	6,750
Total revenues	<u>407,176</u>	<u>407,176</u>	<u>167,827</u>	<u>(239,349)</u>
Expenditures				
Debt service				
Interest and fiscal agent	-	-	255	255
Capital outlay				
Airport	458,000	458,000	-	(458,000)
Total expenditures	<u>458,000</u>	<u>458,000</u>	<u>255</u>	<u>(457,745)</u>
Excess of revenues over (under) expenditures	(50,824)	(50,824)	167,572	218,396
Other Financing Sources (Uses)				
Transfers in	50,824	50,824	-	(50,824)
Total other financing sources (uses)	<u>50,824</u>	<u>50,824</u>	<u>-</u>	<u>(50,824)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	167,572	<u>\$ 167,572</u>
Fund Balance				
Beginning of year			<u>324,579</u>	
End of year			<u>\$ 492,151</u>	

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City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
2021 Capital Improvement Program Capital Project Fund
Year Ended December 31, 2021

	2021			
	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Over (Under)
Revenues				
Intergovernmental	\$ 700,000	\$ 700,000	\$ -	\$ (700,000)
Investment income	-	-	3,211	3,211
Miscellaneous	-	-	300	300
Total revenues	<u>700,000</u>	<u>700,000</u>	<u>3,511</u>	<u>(696,489)</u>
Expenditures				
Debt service				
Interest and fiscal agent	-	-	58,758	58,758
Capital outlay				
Public works	<u>3,100,000</u>	<u>3,100,000</u>	<u>2,494,078</u>	<u>(605,922)</u>
Total expenditures	<u>3,100,000</u>	<u>3,100,000</u>	<u>2,552,836</u>	<u>(547,164)</u>
Excess of revenues underexpenditures	(2,400,000)	(2,400,000)	(2,549,325)	(149,325)
Other Financing Sources (Uses)				
Bonds issued	2,400,000	2,400,000	2,254,701	(145,299)
Premium on bonds issued	-	-	205,296	205,296
Total other financing sources (uses)	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,459,997</u>	<u>59,997</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(89,328)	<u>\$ (89,328)</u>
Fund Balance				
Beginning of year			<u>(53,434)</u>	
End of year			<u>\$ (142,762)</u>	

City of Fairmont
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended December 31, 2021

	2021			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
General property taxes	\$ 3,581,899	\$ 3,581,899	\$ 3,537,547	\$ (44,352)
Lodging taxes	40,000	40,000	40,819	819
Special assessments	-	-	1,251	1,251
Licenses and permits	130,800	130,800	167,640	36,840
Intergovernmental revenues				
State - police aid	249,593	249,593	276,576	26,983
State-MSA-street construction and maintenance	30,015	30,015	30,015	-
State- local government aid	3,670,879	3,670,879	3,670,879	-
Federal grants and aids	-	-	61,680	61,680
Other grants and aids	21,672	21,672	1,629	(20,043)
Total intergovernmental revenues	<u>3,972,159</u>	<u>3,972,159</u>	<u>4,040,779</u>	<u>68,620</u>
Charges for services				
General government	11,700	11,700	12,157	457
Public safety	180,000	180,000	208,383	28,383
Public works	201,968	201,968	226,730	24,762
Parks and recreation	184,000	184,000	208,763	24,763
Total charges for services	<u>577,668</u>	<u>577,668</u>	<u>656,033</u>	<u>78,365</u>
Fines and forfeitures	55,000	55,000	49,592	(5,408)
Investment income	50,000	50,000	4,780	(45,220)
Contributions and donations	10,000	10,000	166,561	156,561
Other revenues	129,500	129,500	242,513	113,013
Total miscellaneous	<u>189,500</u>	<u>189,500</u>	<u>413,854</u>	<u>224,354</u>
Total revenues	<u>8,547,026</u>	<u>8,547,026</u>	<u>8,907,515</u>	<u>360,489</u>
Expenditures				
General government				
Mayor and council	96,084	96,084	55,803	(40,281)
City administrator	147,945	147,945	140,585	(7,360)
Elections	16,430	16,430	15,251	(1,179)
Recording and reporting	75,294	75,294	74,644	(650)
Local access channel	18,586	18,586	20,608	2,022
Accounting	378,686	378,686	400,316	21,630
City attorney	-	-	53,864	53,864
Planning and zoning	173,524	173,524	157,440	(16,084)
General government building	151,737	151,737	142,717	(9,020)
Library building	86,560	86,560	80,487	(6,073)
Other general government	391,950	391,950	345,985	(45,965)
Total General government	<u>1,536,796</u>	<u>1,536,796</u>	<u>1,487,700</u>	<u>(49,096)</u>

City of Fairmont
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended December 31, 2021

	2021			
	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
Public safety				
Administration	\$ 576,547	\$ 576,547	\$ 559,771	\$ (16,776)
Crime control	2,405,710	2,405,710	2,310,385	(95,325)
D.A.R.E. program	2,500	2,500	1,849	(651)
Crossing guards	3,015	3,015	1,698	(1,317)
Drug task force	30,000	30,000	33,272	3,272
Fire fighting	408,087	408,087	432,233	24,146
Building inspection	263,779	263,779	218,584	(45,195)
Civil defense	3,115	3,115	1,001	(2,114)
Animal control	170,681	170,681	130,543	(40,138)
Total Public safety	3,863,434	3,863,434	3,689,336	(174,098)
Public works				
Paved streets	822,603	822,603	731,830	(90,773)
Ice and snow removal	328,626	328,626	310,579	(18,047)
Road and bridge equipment	197,245	197,245	188,893	(8,352)
Street lighting	73,600	73,600	74,184	584
Engineering	395,373	395,373	394,174	(1,199)
Total Public works	1,817,447	1,817,447	1,699,660	(117,787)
Health and sanitation				
Garbage collection	175,453	175,453	204,292	28,839
Total Health and sanitation	175,453	175,453	204,292	28,839
Culture and recreation				
Parks	1,134,530	1,134,530	1,060,030	(74,500)
Recreation - aquatic park	439,367	439,367	443,565	4,198
Total Culture and recreation	1,573,897	1,573,897	1,503,595	(70,302)
Total expenditures	8,967,027	8,967,027	8,584,583	(382,444)
Excess of revenues over (under) expenditures	(420,001)	(420,001)	322,932	742,933
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	61,768	61,768
Transfers in	825,000	825,000	873,011	48,011
Transfers out	(80,000)	(80,000)	(376,412)	(296,412)
Total other financing sources (uses)	745,000	745,000	558,367	(186,633)
Net change in fund balances	324,999	324,999	881,299	556,300
Fund Balances				
Beginning of year	6,141,660	6,141,660	6,141,660	-
End of year	\$ 6,466,659	\$ 6,466,659	\$ 7,022,959	\$ 556,300

City of Fairmont
Subcombining Balance Sheet
Debt Service Fund
December 31, 2021

	2012 Refunding Bonds (372)	2013 Improvement Bonds (373)	2015 Improvement Bonds (375)
Assets			
Cash and investments	\$ -	\$ 178,532	\$ 243,663
Due from other governments	4,343	804	1,202
Property taxes receivable	12,430	3,015	4,148
Special assessments receivable			
Delinquent	5,557	2,471	2,291
Deferred	398,303	70,306	161,159
	<u>402,633</u>	<u>251,118</u>	<u>411,463</u>
Total assets	<u>\$ 420,633</u>	<u>\$ 255,128</u>	<u>\$ 412,463</u>
Deferred Inflows of Resources			
Unavailable revenue - taxes and assessments	<u>\$ 416,290</u>	<u>\$ 75,792</u>	<u>\$ 167,598</u>
Fund Balances			
Restricted			
Debt service	<u>4,343</u>	<u>179,336</u>	<u>244,865</u>
Total fund balances	<u>4,343</u>	<u>179,336</u>	<u>244,865</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 420,633</u>	<u>\$ 255,128</u>	<u>\$ 412,463</u>

2016 Refunding Bonds (376)	2017 Improvement Bonds (377)	2019 Improvement Bonds (379)	2021A Improvements Bonds (381)	Total
\$ 717,869	\$ 474,256	\$ 413,814	\$ 228,665	\$ 2,256,799
2,526	1,269	8,671	-	18,815
8,688	5,030	2,286	-	35,597
367	918	2,824	-	14,428
186,982	339,282	701,425	576,270	2,433,727
<u>\$ 916,432</u>	<u>\$ 820,755</u>	<u>\$ 1,129,020</u>	<u>\$ 804,935</u>	<u>\$ 4,759,366</u>
<u>\$ 196,037</u>	<u>\$ 345,230</u>	<u>\$ 706,535</u>	<u>\$ 576,270</u>	<u>\$ 2,483,752</u>
720,395	475,525	422,485	228,665	2,275,614
<u>720,395</u>	<u>475,525</u>	<u>422,485</u>	<u>228,665</u>	<u>2,275,614</u>
<u>\$ 916,432</u>	<u>\$ 820,755</u>	<u>\$ 1,129,020</u>	<u>\$ 804,935</u>	<u>\$ 4,759,366</u>

City of Fairmont
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance
Debt Service Fund
Year Ended December 31, 2021

	2012 Refunding Bonds (372)	2013 Improvement Bonds (373)	2015 Improvement Bonds (375)
Revenues			
General property taxes	\$ 388,452	\$ 96,297	\$ 140,080
Special assessments	95,108	18,584	28,204
Investment income	300	(687)	(879)
Total revenues	<u>483,860</u>	<u>114,194</u>	<u>167,405</u>
Expenditures			
Debt service			
Principal	730,000	110,000	180,000
Interest and other charges	31,512	25,666	39,031
Total expenditures	<u>761,512</u>	<u>135,666</u>	<u>219,031</u>
Excess of revenues over (under) expenditures	(277,652)	(21,472)	(51,626)
Other Financing Sources (Uses)			
Bonds issued	-	-	-
Issuance of refunding bonds	-	988,097	-
Payments to refunding escrow agent	-	(980,000)	-
Transfers in	36,555	-	-
Total other financing sources (uses)	<u>36,555</u>	<u>8,097</u>	<u>-</u>
Net change in fund balances	(241,097)	(13,375)	(51,626)
Fund Balances			
Beginning of year	<u>245,440</u>	<u>192,711</u>	<u>296,491</u>
End of year	<u>\$ 4,343</u>	<u>\$ 179,336</u>	<u>\$ 244,865</u>

2016 Refunding Bonds (376)	2017 Improvement Bonds (377)	2019 Improvement Bonds (379)	2021A Improvements Bonds (381)	Total
\$ 268,591	\$ 187,611	\$ 71,878	\$ -	\$ 1,152,909
62,640	30,560	144,351	193,768	573,215
(2,644)	(1,603)	(1,777)	(2,305)	(9,595)
<u>328,587</u>	<u>216,568</u>	<u>214,452</u>	<u>191,463</u>	<u>1,716,529</u>
300,000	175,000	140,000	-	1,635,000
33,510	64,038	75,900	-	269,657
<u>333,510</u>	<u>239,038</u>	<u>215,900</u>	<u>-</u>	<u>1,904,657</u>
(4,923)	(22,470)	(1,448)	191,463	(188,128)
-	-	-	37,202	37,202
-	-	-	-	988,097
-	-	-	-	(980,000)
-	-	-	-	36,555
<u>-</u>	<u>-</u>	<u>-</u>	<u>37,202</u>	<u>81,854</u>
(4,923)	(22,470)	(1,448)	228,665	(106,274)
725,318	497,995	423,933	-	2,381,888
<u>\$ 720,395</u>	<u>\$ 475,525</u>	<u>\$ 422,485</u>	<u>\$ 228,665</u>	<u>\$ 2,275,614</u>

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Debt Service Fund
Year Ended December 31, 2021

	2021			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
General property taxes	\$ 1,167,495	\$ 1,167,495	\$ 1,152,909	\$ (14,586)
Special assessments	284,000	284,000	573,215	289,215
Investment income	24,500	24,500	(9,595)	(34,095)
Total revenues	<u>1,475,995</u>	<u>1,475,995</u>	<u>1,716,529</u>	<u>(34,095)</u>
Expenditures				
Debt service				
Principal	1,635,000	1,635,000	1,635,000	-
Interest and fiscal agent	274,967	274,967	269,657	(5,310)
Total expenditures	<u>1,909,967</u>	<u>1,909,967</u>	<u>1,904,657</u>	<u>(5,310)</u>
Excess of revenues (under) expenditures	(433,972)	(433,972)	(188,128)	(28,785)
Other Financing Sources (Uses)				
Bonds issued	-	-	1,025,299	1,025,299
Payments to refunding escrow agent	-	-	(980,000)	(980,000)
Transfers in	51,627	51,627	36,555	(15,072)
Total other financing sources (uses)	<u>51,627</u>	<u>51,627</u>	<u>81,854</u>	<u>30,227</u>
Net change in fund balance	<u>\$ (382,345)</u>	<u>\$ (382,345)</u>	<u>(106,274)</u>	<u>\$ 1,442</u>
Fund Balance				
Beginning of year			<u>2,381,888</u>	
End of year			<u>\$ 2,275,614</u>	

City of Fairmont Internal Service Funds

Internal service funds are created to account for the financing of goods and services provided by one department of government to other departments on a cost - reimbursement basis.

Central Garage and Equipment: This fund accounts for the cost of maintaining the City's vehicle fleet. All City vehicles are maintained by the central garage and billed for the maintenance on a departmental basis.

Medical Self-Insurance: This fund is used to account for the costs of the City employee health insurance plan. Premiums are paid by the benefiting funds and health insurance claims are paid out of the fund.

Property, Equipment, and Liability Self-Insurance: This fund is used to account for the costs of the City's insurance for liability and multi-peril risks. Premiums are received from benefiting funds and payments for insurance premiums and claims that fall within the deductible amounts are paid out of this fund.

Worker's Compensation Self-Insurance: This fund is used to account for costs associated with the City's workers' compensation insurance. Premiums are received from benefiting funds. Payments for insurance and other costs not covered under this plan are paid out of this fund.

Data Processing: This fund is used to account for the costs associated with the City's data processing system. Benefited funds are charged on a percentage basis for the costs of operating this department.

City of Fairmont
Statement of Net Position - Internal Service Funds
December 31, 2021

	Central Garage and Equipment (701)	Medical Self- Insurance (703)	Property Equipment and Liability Self- Insurance (704)	Worker's Compensation Self Insurance (705)
Assets				
Current assets				
Cash and cash equivalents	\$ 13,546	\$ 18,589	\$ 814,871	\$ 107,620
Due from other funds	-	89,735	-	14,546
Prepaid items	-	-	-	-
Total current assets	<u>13,546</u>	<u>108,324</u>	<u>814,871</u>	<u>122,166</u>
Noncurrent assets				
Capital assets, being depreciated				
Equipment	61,261	-	-	-
Less accumulated depreciation	<u>(16,111)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net capital assets	<u>45,150</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 58,696</u>	<u>\$ 108,324</u>	<u>\$ 814,871</u>	<u>\$ 122,166</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 1,696	\$ 24,710	\$ -	\$ 14,546
Salaries payable	7,132	2,152	-	-
Due to other funds	2,268	-	-	-
Unearned revenue	-	-	-	-
Compensated absences	<u>6,910</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>18,006</u>	<u>26,862</u>	<u>-</u>	<u>14,546</u>
Noncurrent liabilities				
Compensated absences	24,268	-	-	-
Less amount due within one year	<u>(6,910)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>17,358</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>35,364</u>	<u>26,862</u>	<u>-</u>	<u>14,546</u>
Net Position				
Net investment in capital assets	45,150	-	-	-
Unrestricted	<u>(21,818)</u>	<u>81,462</u>	<u>814,871</u>	<u>107,620</u>
Total net position	<u>23,332</u>	<u>81,462</u>	<u>814,871</u>	<u>107,620</u>
Total liabilities and net position	<u>\$ 58,696</u>	<u>\$ 108,324</u>	<u>\$ 814,871</u>	<u>\$ 122,166</u>

<u>Data Processing</u> <u>(710)</u>	<u>Total</u>
\$ 10,763	\$ 965,389
-	104,281
<u>1,316</u>	<u>1,316</u>
<u>12,079</u>	<u>1,070,986</u>

290,372	351,633
<u>(223,774)</u>	<u>(239,885)</u>
<u>66,598</u>	<u>111,748</u>
<u>\$ 78,677</u>	<u>\$ 1,182,734</u>

\$ 12,566	\$ 53,518
-	9,284
-	2,268
-	-
-	6,910
<u>12,566</u>	<u>71,980</u>

-	24,268
-	<u>(6,910)</u>
-	17,358
<u>12,566</u>	<u>89,338</u>

66,598	111,748
<u>(487)</u>	<u>981,648</u>
<u>66,111</u>	<u>1,093,396</u>

<u>\$ 78,677</u>	<u>\$ 1,182,734</u>
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City of Fairmont
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Internal Service Funds
Year Ended December 31, 2021

	Central Garage and Equipment (701)	Medical Self- Insurance (703)	Property Equipment and Liability Self- Insurance (704)	Worker's Compensation Self Insurance (705)
Operating revenues				
Charges for services	\$ 234,518	\$ 1,928,236	\$ 380,284	\$ 429,507
Other sales and services	196	7,760	-	7,843
Total operating revenues	<u>234,714</u>	<u>1,935,996</u>	<u>380,284</u>	<u>437,350</u>
Operating expenses				
Personnel services	199,891	288	-	-
Materials and supplies	35,555	-	-	-
Professional services	6,369	117,931	6,000	46,134
Insurance premiums and claims paid	-	1,818,463	339,976	461,377
Depreciation	6,126	-	-	-
Total operating expenses	<u>247,941</u>	<u>1,936,682</u>	<u>345,976</u>	<u>507,511</u>
Operating income (loss)	(13,227)	(686)	34,308	(70,161)
Nonoperating revenues				
Investment income	<u>(31)</u>	<u>(150)</u>	<u>(2,685)</u>	<u>(168)</u>
Change in net position	(13,258)	(836)	31,623	(70,329)
Net position				
Beginning of year	<u>36,590</u>	<u>82,298</u>	<u>783,248</u>	<u>177,949</u>
End of year	<u>\$ 23,332</u>	<u>\$ 81,462</u>	<u>\$ 814,871</u>	<u>\$ 107,620</u>

Data Processing (710)	Total
\$ 243,198	\$ 3,215,743
-	15,799
243,198	3,231,542
-	200,179
10,399	45,954
210,503	386,937
-	2,619,816
6,209	12,335
227,111	3,265,221
16,087	(33,679)
(23)	(3,057)
16,064	(36,736)
50,047	1,130,132
\$ 66,111	\$ 1,093,396

City of Fairmont
Statement of Cash Flows - Internal Service Funds
Year Ended December 31, 2021

	Internal Service Funds		
	Central Garage and Equipment (701)	Medical Self- Insurance (703)	Property Equipment and Liability Self- Insurance (704)
Cash Flows - Operating Activities			
Interfund services provided and used	\$ 234,518	\$ 1,928,236	\$ 380,284
Payments to suppliers for goods and services	(40,996)	(1,932,384)	(348,233)
Payments to employees for services	(195,120)	1,864	-
Other operating revenues	196	7,760	-
Net cash flows - operating activities	<u>(1,402)</u>	<u>5,476</u>	<u>32,051</u>
Cash Flows - Noncapital Financing Activities			
Advances from (to) other funds	289	(13,434)	-
Net cash flows - noncapital financing activities	<u>289</u>	<u>(13,434)</u>	<u>-</u>
Cash Flows - Capital and Related Financing Activities			
Acquisition of capital assets	-	-	-
Net cash flows - capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows - Investing Activities			
Investment income	(31)	(150)	(2,685)
Net cash flows - investing activities	<u>(31)</u>	<u>(150)</u>	<u>(2,685)</u>
Net change in cash and cash equivalents	(1,144)	(8,108)	29,366
Cash and Cash Equivalents			
Beginning of year	<u>14,690</u>	<u>26,697</u>	<u>785,505</u>
End of year	<u>\$ 13,546</u>	<u>\$ 18,589</u>	<u>\$ 814,871</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities			
Operating income (loss)	\$ (13,227)	\$ (686)	\$ 34,308
Adjustments to reconcile operating income (loss) to net cash flows - operating activities			
Depreciation	6,125	-	-
Prepaid items	-	-	-
Salaries payable	415	2,152	-
Accounts payable	928	4,010	(2,257)
Compensated absences payable	4,357	-	-
Total adjustments	<u>11,825</u>	<u>6,162</u>	<u>(2,257)</u>
Net cash flows - operating activities	<u>\$ (1,402)</u>	<u>\$ 5,476</u>	<u>\$ 32,051</u>

Internal Service Funds

Worker's Compensation Self Insurance (705)	Data Processing (710)	Total
\$ 429,507	\$ 243,198	\$ 3,215,743
(575,257)	(184,192)	(3,081,062)
-	-	(193,256)
7,843	-	15,799
<u>(137,907)</u>	<u>59,006</u>	<u>(42,776)</u>
<u>(1,350)</u>	<u>-</u>	<u>(14,495)</u>
<u>(1,350)</u>	<u>-</u>	<u>(14,495)</u>
<u>-</u>	<u>(60,438)</u>	<u>(60,438)</u>
<u>-</u>	<u>(60,438)</u>	<u>(60,438)</u>
<u>(168)</u>	<u>(23)</u>	<u>(3,057)</u>
<u>(168)</u>	<u>(23)</u>	<u>(3,057)</u>
(139,425)	(1,455)	(120,766)
<u>247,045</u>	<u>12,218</u>	<u>1,086,155</u>
<u>\$ 107,620</u>	<u>\$ 10,763</u>	<u>\$ 965,389</u>
\$ (70,161)	\$ 16,087	\$ (33,679)
-	6,209	12,334
-	26,183	26,183
-	-	2,567
(67,746)	10,527	(54,538)
-	-	4,357
<u>(67,746)</u>	<u>42,919</u>	<u>(9,097)</u>
<u>\$ (137,907)</u>	<u>\$ 59,006</u>	<u>\$ (42,776)</u>

City of Fairmont
Economic Development Authority
Balance Sheet/Net Position
December 31, 2021

Assets

Cash and investments	\$ 498,013
Due from other governments	738
Property taxes receivable	<u>3,096</u>
Total assets	<u><u>\$ 501,847</u></u>

Liabilities

Accounts payable	\$ 3,399
Due to other governments	1,305
Salaries and benefits payable	<u>5,167</u>
Total liabilities	<u><u>9,871</u></u>

Deferred Inflows of Resources

Unavailable revenue - taxes	<u>3,096</u>
	<u><u>3,096</u></u>

Fund Balances

Assigned	<u>488,880</u>
Total fund balances	<u><u>488,880</u></u>

Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 501,847</u></u>
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Total fund balances - governmental funds	\$ 488,880
--	------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Net pension liability	(10,021)
OPEB Liability	(57,435)
Sick Leave/severance payable	(4,110)

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

Therefore, are deferred in the funds.

Delinquent Property taxes receivable	3,096
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Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position

Governmental funds do not report long-term amounts related to other postemployment benefits

Deferred inflows of resources related to Pensions	(53,418)
Deferred outflows of resources related to Pensions	40,167
Deferred inflows of resources related to OPEB	(695)
Deferred outflows of resources related to OPEB	<u>2,066</u>

Total net position - governmental activities	<u><u>\$ 408,530</u></u>
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City of Fairmont
Economic Development Authority
Statement of Revenues, Expenditures and Changes in Fund Balances/Net Position
Year Ended December 31, 2021

	Special Revenue
Revenues	
General property taxes	\$ 98,779
Payments from City	100,000
Investment income	(1,133)
Miscellaneous	34,402
Total revenues	<u>232,048</u>
Expenditures	
Current	
Economic development	<u>219,773</u>
Total expenditures	<u>219,773</u>
Net change in fund balances	12,275
Fund Balances	
Beginning of year	<u>476,605</u>
End of year	<u>\$ 488,880</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances	\$ 12,275
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Sick leave/severance payable	(703)
Post employment benefits other than pension costs	268
Pension expense	(70,686)
Certain receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Property taxes delinquent	999
Internal Service Funds are used by management to charge the costs of insurance and capital equipment to individual funds. The net revenue of certain activities of Internal Service Funds is reported with governmental activities in the government-wide financial statements.	
	<u>7,428</u>
Change in net position - governmental activities	<u>\$ (50,419)</u>

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Economic Development Authority - Discretely Presented Component Unit
Year Ended December 31, 2021

	2021			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
General property taxes	\$ 100,000	\$ 100,000	\$ 98,779	\$ (1,221)
Payment from Primary Government	100,000	100,000	100,000	-
Investment income	7,500	7,500	(1,133)	(8,633)
Miscellaneous	30,150	30,150	34,402	4,252
Total revenues	<u>237,650</u>	<u>237,650</u>	<u>232,048</u>	<u>(5,602)</u>
Expenditures				
Current				
Economic development	<u>227,650</u>	<u>227,650</u>	<u>219,773</u>	<u>(7,877)</u>
Total expenditures	<u>227,650</u>	<u>227,650</u>	<u>219,773</u>	<u>(7,877)</u>
Excess of revenues over expenditures	10,000	10,000	12,275	2,275
Other Financing Sources (Uses)				
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	-	10,000
Total other financing sources (uses)	<u>(10,000)</u>	<u>(10,000)</u>	-	10,000
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	12,275	<u>\$ 12,275</u>
Fund Balance				
Beginning of year			<u>476,605</u>	
End of year			<u>\$ 488,880</u>	

**STATISTICAL SECTION
(UNAUDITED)**

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City of Fairmont
Statistical Section (Unaudited)

This part of the City of Fairmont' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, property taxes.

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

City of Fairmont
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities:				
Net investment in capital assets	\$ 33,902,134	\$ 38,956,915	\$ 40,916,624	\$ 41,232,320
Restricted	8,523,280	9,957,243	12,265,446	12,367,042
Unrestricted	<u>9,029,687</u>	<u>7,610,856</u>	<u>1,550,558</u>	<u>2,908,794</u>
Total governmental activities net position	<u>\$ 51,455,101</u>	<u>\$ 56,525,014</u>	<u>\$ 54,732,628</u>	<u>\$ 56,508,156</u>
Business-type activities:				
Net investment in capital assets	\$ 33,021,655	\$ 32,805,088	\$ 33,735,220	\$ 33,949,598
Unrestricted	<u>10,123,274</u>	<u>12,142,960</u>	<u>11,263,786</u>	<u>12,197,684</u>
Total business-type activities net position	<u>\$ 43,144,929</u>	<u>\$ 44,948,048</u>	<u>\$ 44,999,006</u>	<u>\$ 46,147,282</u>
Primary government:				
Net investment in capital assets	\$ 66,923,789	\$ 71,762,003	\$ 74,651,844	\$ 75,181,918
Restricted	8,523,280	9,957,243	12,265,446	12,367,042
Unrestricted	<u>19,152,961</u>	<u>19,753,816</u>	<u>12,814,344</u>	<u>15,106,478</u>
Total primary government net position	<u>\$ 94,600,030</u>	<u>\$ 101,473,062</u>	<u>\$ 99,731,634</u>	<u>\$ 102,655,438</u>

Table 1

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 42,677,369	\$ 43,687,451	\$ 44,638,223	\$ 45,287,689	\$ 52,870,737	\$ 52,991,433
9,958,778	9,971,329	10,334,955	11,341,318	9,169,911	10,520,920
3,969,515	4,619,117	5,821,059	7,709,809	8,528,250	11,493,457
<u>\$ 56,605,662</u>	<u>\$ 58,277,897</u>	<u>\$ 60,794,237</u>	<u>\$ 64,338,816</u>	<u>\$ 70,568,898</u>	<u>\$ 75,005,810</u>
\$ 34,422,093	\$ 35,673,883	\$ 36,725,415	\$ 37,160,916	\$ 37,663,308	\$ 40,693,595
13,095,940	13,113,654	13,378,042	14,848,110	15,633,914	15,013,228
<u>\$ 47,518,033</u>	<u>\$ 48,787,537</u>	<u>\$ 50,103,457</u>	<u>\$ 52,009,026</u>	<u>\$ 53,297,222</u>	<u>\$ 55,706,823</u>
\$ 77,099,462	\$ 79,361,334	\$ 81,363,638	\$ 82,448,605	\$ 90,534,045	\$ 93,685,028
9,958,778	9,971,329	10,334,955	11,341,318	9,169,911	10,520,920
17,065,455	17,732,771	19,199,101	22,557,919	24,162,164	26,506,685
<u>\$ 104,123,695</u>	<u>\$ 107,065,434</u>	<u>\$ 110,897,694</u>	<u>\$ 116,347,842</u>	<u>\$ 123,866,120</u>	<u>\$ 130,712,633</u>

City of Fairmont
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	\$ 1,181,084	\$ 1,232,309	\$ 1,143,844	\$ 1,216,566
Public safety	2,880,151	3,210,448	3,035,606	2,717,662
Public works	2,853,511	3,286,029	2,566,565	3,128,949
Health and sanitation	46,686	95,337	132,693	100,740
Culture and recreation	1,286,209	1,362,430	1,520,715	1,584,291
Housing and economic development	827,364	233,503	228,869	268,442
Airport and lake restoration	302,744	573,647	760,332	728,443
Interest on long-term debt	658,275	674,359	446,355	477,400
Total governmental activities expenses	<u>10,036,024</u>	<u>10,668,062</u>	<u>9,834,979</u>	<u>10,222,493</u>
Business-type activities:				
Electric	14,199,539	13,983,971	13,617,700	13,285,756
Water	1,931,755	2,675,602	2,489,640	3,279,741
Wastewater	1,810,984	1,932,731	1,811,386	1,818,529
Storm Sewer	299,870	367,738	421,155	453,463
Liquor	2,931,921	2,898,764	2,950,980	3,035,247
Parking lot	4,905	4,830	4,663	5,252
Total business-type activities expenses	<u>21,178,974</u>	<u>21,863,636</u>	<u>21,295,524</u>	<u>21,877,988</u>
Total primary government expenses	<u>\$ 31,214,998</u>	<u>\$ 32,531,698</u>	<u>\$ 31,130,503</u>	<u>\$ 32,100,481</u>
Program revenues				
Governmental activities:				
Charges for services:				
General Government	\$ 188,707	\$ 207,868	\$ 223,894	\$ 218,618
Public safety	220,627	157,367	173,616	267,438
Public works	4,738	3,141	1,177	3,327
Health and sanitation	14,471	103,531	98,879	142,225
Culture and recreation	154,816	164,170	167,287	185,412
Housing and economic development	65,994	69,947	76,418	83,675
Airport and lake restoration	116,964	261,149	511,424	517,193
Operating grants and contributions	662,907	407,550	285,926	369,600
Capital grants and contributions	1,250,688	6,144,669	2,031,172	824,310
Total governmental activities program revenues	<u>2,679,912</u>	<u>7,519,392</u>	<u>3,569,793</u>	<u>2,611,798</u>
Business-type activities:				
Charges for services:				
Electric	15,074,146	14,675,757	14,742,850	14,599,368
Water	3,015,814	3,338,756	3,299,993	3,359,568
Wastewater	2,159,105	2,542,395	2,602,355	2,349,903
Storm Sewer	576,106	587,188	583,369	582,566
Liquor	3,293,151	3,392,791	3,446,532	3,597,659
Parking lot	4,824	4,797	4,837	5,773
Operating grants and contributions	-	-	-	-
Capital grants and contributions	801,928	200,172	7,429	(97)
Total business-type activities program revenues	<u>24,925,074</u>	<u>24,741,856</u>	<u>24,687,365</u>	<u>24,494,740</u>
Total primary government program revenues	<u>\$ 27,604,986</u>	<u>\$ 32,261,248</u>	<u>\$ 28,257,158</u>	<u>\$ 27,106,538</u>
Net (expense) revenue:				
Governmental activities	\$ (7,356,112)	\$ (3,148,670)	\$ (6,265,186)	\$ (7,610,695)
Business-type activities	3,746,100	2,878,220	3,391,841	2,616,752
Total primary government net (expense) revenue	<u>(3,610,012)</u>	<u>(270,450)</u>	<u>(2,873,345)</u>	<u>(4,993,943)</u>

Table 2
Page 1 of 2
Continued

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 1,315,890	\$ 1,389,155	\$ 1,538,761	\$ 1,750,444	\$ 1,679,698	\$ 1,615,297
3,806,893	3,598,787	3,490,270	3,782,782	3,539,488	3,585,369
2,787,405	2,988,471	3,036,945	3,373,265	3,081,028	3,293,994
138,831	148,959	138,077	181,175	216,896	204,292
1,643,560	1,758,014	1,762,810	1,819,283	1,737,963	2,034,107
362,330	387,295	302,442	490,126	491,859	517,771
910,637	918,959	1,009,453	995,295	885,655	1,098,169
323,637	313,947	266,725	322,878	302,302	555,988
11,289,183	11,503,587	11,545,483	12,715,248	11,934,889	12,904,987
14,297,048	14,731,070	14,995,845	14,081,962	13,764,261	14,175,739
3,547,150	3,541,198	3,600,037	3,571,287	3,680,766	5,024,462
1,745,686	1,876,476	1,812,529	2,049,917	2,058,940	2,126,433
437,661	482,469	461,741	489,681	508,968	534,306
3,134,956	3,181,621	3,210,279	3,285,606	3,915,279	3,790,799
6,432	8,180	7,389	4,911	5,482	8,044
23,168,933	23,821,014	24,087,820	23,483,364	23,933,696	25,659,783
\$ 34,458,116	\$ 35,324,601	\$ 28,278,667	\$ 28,499,332	\$ 35,868,585	\$ 38,564,770
\$ 206,187	\$ 200,395	\$ 239,759	\$ 252,598	\$ 182,358	\$ 174,087
229,177	351,871	309,577	350,116	509,698	375,615
7,995	13,080	13,302	1,522	1,971	230,797
162,841	161,680	137,360	132,938	143,764	-
188,734	184,505	171,529	180,093	94,547	206,067
75,017	84,399	87,680	74,431	102,786	55,532
491,669	471,129	470,217	434,297	371,959	445,982
413,384	340,258	613,636	384,501	1,390,641	1,094,279
890,243	2,200,736	1,216,811	2,173,779	3,218,377	3,180,559
2,665,247	4,008,053	3,259,871	3,984,275	6,016,101	5,762,918
15,375,663	15,866,026	16,405,873	15,956,156	15,104,950	15,371,028
3,502,969	3,494,693	3,521,529	3,549,845	3,850,371	4,657,030
2,389,450	2,334,393	2,305,792	2,291,403	2,381,915	2,637,253
581,011	582,584	581,475	587,415	589,732	597,970
3,684,982	3,685,869	3,809,557	3,859,070	4,632,806	4,551,527
5,708	6,749	6,480	6,480	7,200	8,165
-	-	-	-	-	545,695
10,227	44,417	1,460	11,002	-	300,252
25,550,010	26,014,731	26,632,166	26,261,371	26,566,974	28,668,920
\$ 28,215,257	\$ 30,022,784	\$ 14,078,414	\$ 15,071,179	\$ 32,583,075	\$ 34,431,838
\$ (8,623,936)	\$ (7,495,534)	\$ (8,285,612)	\$ (8,730,973)	\$ (5,918,788)	\$ (7,142,069)
2,381,077	2,193,717	2,544,346	2,778,007	2,633,278	3,009,137
(6,242,859)	(5,301,817)	(5,741,266)	(5,952,966)	(3,285,510)	(4,132,932)

City of Fairmont
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

	Fiscal Year			
	2012	2013	2014	2015
General revenues and other changes in net position				
Governmental activities:				
Taxes:				
Property taxes, levied for general purposes	\$ 1,885,398	\$ 1,975,108	\$ 2,153,651	\$ 2,297,072
Property taxes, levied for debt service	1,152,523	1,153,660	1,094,331	1,025,796
Tax increments	334,725	-	27,020	67,165
Sales tax	-	-	-	-
Hotel-motel tax	-	-	-	-
Franchise taxes	34,343	36,205	36,927	38,294
Unrestricted grants and contributions	3,822,810	3,918,992	3,789,473	3,691,778
Investment earnings (loss)	144,501	(14,237)	170,917	94,493
Other revenues	32,397	17,052	33,139	567,451
Gain (Loss) on disposal of capital assets	42,104	3,241	69,662	38,485
Transfers	977,632	1,128,562	964,632	1,565,689
Total governmental activities	<u>8,426,433</u>	<u>8,218,583</u>	<u>8,339,752</u>	<u>9,386,223</u>
Business-type activities:				
Investment earnings	86,530	53,461	89,997	97,213
Transfers	(977,632)	(1,128,562)	(964,632)	(1,565,689)
Total business-type activities	<u>(891,102)</u>	<u>(1,075,101)</u>	<u>(874,635)</u>	<u>(1,468,476)</u>
Total primary government	<u>\$ 7,535,331</u>	<u>\$ 7,143,482</u>	<u>\$ 7,465,117</u>	<u>\$ 7,917,747</u>
Change in net position:				
Governmental activities	\$ 1,070,321	\$ 5,069,913	\$ 2,074,566	\$ 1,775,528
Business-type activities	<u>2,854,998</u>	<u>1,803,119</u>	<u>2,517,206</u>	<u>1,148,276</u>
Total primary government	<u>\$ 3,925,319</u>	<u>\$ 6,873,032</u>	<u>\$ 4,591,772</u>	<u>\$ 2,923,804</u>

Table 2
Page 2 of 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 2,556,358	\$ 2,912,776	\$ 3,295,022	\$ 3,397,379	\$ 4,041,498	\$ 4,402,101
1,074,582	1,003,754	1,124,959	1,167,838	1,171,872	1,152,909
74,173	92,094	139,090	169,900	165,387	183,749
-	175,477	740,471	927,291	969,829	1,097,896
-	-	-	173,068	115,865	163,305
39,526	40,696	41,480	41,438	40,975	279,305
3,646,550	3,469,459	3,614,236	3,492,561	3,630,935	3,695,477
138,795	182,987	158,834	526,019	264,971	(49,007)
13,141	9,459	15,278	36,008	78,889	-
28,684	193,935	199,334	82,500	13,649	90,864
1,149,633	1,087,132	1,385,000	1,338,000	1,655,000	562,382
8,721,442	9,167,769	10,713,704	11,352,002	12,148,870	11,578,981
139,307	162,919	255,218	465,562	309,918	(37,154)
(1,149,633)	(1,087,132)	(1,385,000)	(1,338,000)	(1,655,000)	(562,382)
(1,010,326)	(924,213)	(1,129,782)	(872,438)	(1,345,082)	(599,536)
\$ 7,711,116	\$ 8,243,556	\$ 9,583,922	\$ 10,479,564	\$ 10,803,788	\$ 10,979,445
\$ 97,506	\$ 1,672,235	\$ 2,428,092	\$ 2,621,029	\$ 6,230,082	\$ 4,436,912
1,370,751	1,269,504	1,414,564	1,905,569	1,288,196	2,409,601
\$ 1,468,257	\$ 2,941,739	\$ 3,842,656	\$ 4,526,598	\$ 7,518,278	\$ 6,846,513

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City of Fairmont
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
Unaudited

Table 3

Fiscal Year Ended December 31,	Property taxes		Tax Increments	Sales Tax	Hotel-Motel Tax	Franchise Tax	Total
	Levied for General Purposes	Levied for Debt Service					
2012	\$ 1,885,398	\$ 1,152,523	\$ 334,725	\$ -	\$ -	\$ 34,343	\$ 3,406,989
2013	1,975,108	1,153,660	-	-	-	36,205	3,164,973
2014	2,153,651	1,094,331	27,020	-	-	36,927	3,311,929
2015	2,297,072	1,025,796	67,165	-	-	38,294	3,428,327
2016	2,556,358	1,074,582	74,173	-	-	39,526	3,744,639
2017	2,912,776	1,003,754	92,094	175,477	-	40,696	4,224,797
2018	3,295,022	1,124,959	139,090	740,471	-	41,480	5,341,022
2019	3,397,379	1,167,838	169,900	927,291	173,068	41,438	5,876,914
2020	4,041,498	1,171,872	165,387	969,829	115,865	40,975	6,505,426
2021	4,339,877	1,152,909	183,749	1,097,896	163,305	279,305	7,217,041

City of Fairmont
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year			
	2012	2013	2014	2015
General Fund:				
Nonspendable	\$ 205,000	\$ 205,000	\$ -	\$ -
Committed	104,777	135,575	134,658	151,622
Assigned	909,063	989,402	1,766,336	2,739,131
Unassigned:	3,178,069	3,225,036	3,406,365	3,488,001
	<u>4,396,909</u>	<u>4,555,013</u>	<u>5,307,359</u>	<u>6,378,754</u>
Total general fund	<u>\$ 4,396,909</u>	<u>\$ 4,555,013</u>	<u>\$ 5,307,359</u>	<u>\$ 6,378,754</u>
All other governmental funds:				
Nonspendable	\$ 4,080	\$ 3,200	\$ 3,200	\$ -
Restricted	12,491,677	12,731,158	10,843,720	11,337,886
Committed	137,347	604,172	1,322,943	1,082,705
Assigned	2,412,379	2,045,307	105,406	207,420
Unassigned	(207,534)	(10,218)	(109,734)	(2,850)
	<u>14,837,949</u>	<u>15,373,619</u>	<u>12,165,535</u>	<u>12,625,161</u>
Total all other governmental funds	<u>\$ 14,837,949</u>	<u>\$ 15,373,619</u>	<u>\$ 12,165,535</u>	<u>\$ 12,625,161</u>

Table 4

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 787	\$ -	\$ -	\$ 190	\$ -	\$ -
151,622	29,122	79,222	80,912	94,412	214,564
2,739,131	3,279,918	3,807,630	6,817,619	4,534,775	5,360,813
4,100,400	3,940,674	3,976,673	1,048,750	1,512,473	1,447,582
<u>\$ 6,991,940</u>	<u>\$ 7,249,714</u>	<u>\$ 7,863,525</u>	<u>\$ 7,947,471</u>	<u>\$ 6,141,660</u>	<u>\$ 7,022,959</u>
\$ -	\$ -	\$ -	\$ 3,200	\$ 3,200	\$ 3,200
10,818,055	8,618,602	8,264,773	7,589,109	7,048,832	8,241,473
1,110,270	940,810	1,179,486	3,596,589	3,437,546	7,694,618
364,986	497,183	502,064	140,827	2,773,840	75,767
(764,003)	(125,281)	(177,718)	(196,313)	(375,964)	(142,762)
<u>\$ 11,529,308</u>	<u>\$ 9,931,314</u>	<u>\$ 9,768,605</u>	<u>\$ 11,133,412</u>	<u>\$ 12,887,454</u>	<u>\$ 15,872,296</u>

City of Fairmont
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
Unaudited

	Fiscal Year			
	2012	2013	2014	2015
Revenues:				
Taxes	\$ 3,398,775	\$ 3,153,610	\$ 3,307,262	\$ 3,448,929
Special assessments	736,782	815,756	674,620	589,366
Intergovernmental	5,399,277	9,716,414	5,786,044	4,313,685
Licenses and permits	192,982	134,360	149,066	213,922
Charges for services	304,432	416,091	668,623	799,346
Fines and forfeitures	74,671	55,394	66,829	56,129
Investment earnings	132,406	(19,866)	165,770	86,920
Miscellaneous	315,626	565,643	429,845	974,449
Total revenues	<u>10,554,951</u>	<u>14,837,402</u>	<u>11,248,059</u>	<u>10,482,746</u>
Expenditures:				
Current:				
General government	1,157,782	1,196,929	1,041,291	1,218,580
Public safety	2,826,749	2,981,980	2,902,658	3,016,290
Public works	2,074,070	1,862,369	1,968,489	2,053,662
Cultural and recreation	1,207,576	1,283,893	1,419,270	1,330,948
Housing and economic development	210,815	134,378	262,042	199,147
Capital outlay	3,996,105	7,612,851	2,286,066	3,452,739
Debt service:				
Principal retirement	1,465,000	1,410,000	4,650,000	1,230,000
Interest	946,826	544,346	504,376	408,708
Total expenditures	<u>13,884,923</u>	<u>17,026,746</u>	<u>15,034,192</u>	<u>12,910,074</u>
Revenues over (under) expenditures	<u>(3,329,972)</u>	<u>(2,189,344)</u>	<u>(3,786,133)</u>	<u>(2,427,328)</u>

Table 5
Page 1 of 2

Fiscal Year						
2016	2017	2018	2019	2020	2021	
\$ 3,768,410	\$ 4,207,083	\$ 5,332,614	\$ 5,861,225	\$ 6,506,028	\$ 7,217,041	
459,825	721,283	401,223	472,874	499,423	593,397	
4,831,630	5,115,057	5,249,736	4,562,311	9,346,207	6,719,627	
155,757	171,720	161,590	200,446	334,988	167,640	
830,732	913,191	993,274	947,814	840,613	1,098,755	
55,554	55,221	56,420	59,930	42,131	49,592	
127,993	170,377	140,360	492,652	245,522	(47,151)	
411,293	504,388	511,051	541,506	289,901	550,092	
10,641,194	11,858,320	12,846,268	13,138,758	18,104,813	16,348,993	
1,133,899	1,240,887	1,438,470	1,615,228	1,645,448	1,487,700	
3,079,878	3,247,776	3,460,352	3,493,881	3,387,809	3,689,336	
2,038,305	2,092,697	2,345,194	2,436,789	2,286,972	2,443,402	
1,319,819	1,377,943	1,413,771	1,444,480	1,396,900	1,541,398	
283,659	319,018	241,698	418,073	440,300	468,773	
3,058,970	5,012,448	2,177,252	4,624,350	8,864,130	12,430,133	
3,780,000	3,730,000	2,430,000	1,465,000	1,470,000	1,635,000	
390,173	333,112	302,763	251,071	333,672	483,581	
15,084,703	17,353,881	13,809,500	15,748,872	19,825,231	24,179,323	
(4,443,509)	(5,495,561)	(963,232)	(2,610,114)	(1,720,418)	(7,830,330)	

City of Fairmont
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
Unaudited

	Fiscal Year			
	2012	2013	2014	2015
Other financing sources (uses):				
Proceeds on sale of capital assets	\$ 42,104	\$ 9,183	\$ 69,662	\$ 38,485
Transfers in	3,165,011	1,822,851	989,632	2,366,802
Transfers out	(2,173,388)	(694,289)	(25,000)	(801,113)
Issuance of refunding bonds	-	-	-	-
Payments to refunding escrow agent	-	-	-	-
Bonds issued	5,755,000	1,715,000	-	2,330,000
Premium (discount) on bonds issued	-	30,373	-	24,175
Total other financing sources (uses)	<u>6,788,727</u>	<u>2,883,118</u>	<u>1,034,294</u>	<u>3,958,349</u>
Net change in fund balance	<u>\$ 3,458,755</u>	<u>\$ 693,774</u>	<u>\$ (2,751,839)</u>	<u>\$ 1,531,021</u>
Debt service as a percentage of noncapital expenditures	24.4%	20.8%	40.4%	17.3%

Table 5
Page 2 of 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 28,684	\$ 43,435	\$ 29,334	\$ -	\$ 13,649	\$ 90,864
1,734,065	4,520,394	2,832,281	5,067,480	11,474,061	3,589,257
(584,432)	(3,433,262)	(1,447,281)	(3,729,480)	(9,819,061)	(1,516,469)
-	-	-	-	-	988,097
-	-	-	-	-	(980,000)
2,715,000	2,950,000	-	2,600,000	-	9,226,903
67,525	74,774	-	119,809	-	297,819
3,960,842	4,155,341	1,414,334	4,057,809	1,668,649	11,696,471
<u>\$ (482,667)</u>	<u>\$ (1,340,220)</u>	<u>\$ 451,102</u>	<u>\$ 1,447,695</u>	<u>\$ (51,769)</u>	<u>\$ 3,866,141</u>
34.7%	32.9%	23.5%	15.4%	16.5%	18.0%

City of Fairmont
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
Unaudited

Table 6

Fiscal Year Ended December 31,	Property Tax	Tax Increments	Sales Tax	Franchise Tax	Total
2012	\$ 3,029,707	\$ 334,725	\$ -	\$ 34,343	\$ 3,398,775
2013	3,117,405	-	-	36,205	3,153,610
2014	3,243,315	27,020	-	36,927	3,307,262
2015	3,343,470	67,165	-	38,294	3,448,929
2016	3,654,711	74,173	-	39,526	3,768,410
2017	3,898,816	92,094	175,477	40,696	4,207,083
2018	4,412,373	138,290	740,471	41,480	5,332,614
2019	4,892,496	-	927,291	41,438	5,861,225
2020	5,495,224	-	969,829	40,975	6,506,028
2021	5,555,010	183,749	1,097,896	279,305	7,115,960

City of Fairmont, Minnesota
Market Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Table 7

Fiscal Year Ended December 31,	Real and Personal Property		Agricultural Property	Other	Total Taxable Market Value	Total Direct Tax Rate	Indicated Market Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property						
2021	\$ 521,502,600	\$ 218,720,700	\$ 35,958,800	\$ 6,168,300	\$ 782,350,400	62.666	\$ 853,345,900	91.68 %
2020	489,007,400	223,193,100	37,022,200	6,728,700	755,951,400	61.047	827,886,800	91.31
2019	458,194,900	209,041,500	35,306,200	6,278,800	708,821,400	61.041	781,293,400	90.72
2018	432,537,700	210,313,100	36,801,300	5,894,400	685,546,500	55.687	759,629,000	90.25
2017	413,615,100	201,779,400	37,237,200	6,453,700	659,085,400	55.747	732,710,900	89.95
2016	392,049,800	204,472,800	38,292,100	6,348,500	641,163,200	50.505	716,148,600	89.53
2015	374,369,300	191,816,100	41,456,700	6,181,500	613,823,600	48.739	689,312,500	89.05
2014	374,953,000	191,196,300	45,612,200	5,487,600	617,249,100	46.165	692,285,200	89.16
2013	352,320,150	173,337,800	41,821,000	4,833,400	572,312,350	48.381	647,810,000	88.35
2012	351,585,800	165,135,200	30,989,100	4,977,800	552,687,900	48.349	629,089,800	87.86

Source: Martin County Assessors' Office

**City of Fairmont, Minnesota
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Table 8

Fiscal Year	City of Fairmont			Overlapping Rates Martin County			Overlapping Rates School District			Special Districts	Total Direct and Overlapping Rates
	Operating Tax Capacity Rate	Debt Service Tax Capacity Rate	Total City Tax Capacity Rate	Operating Tax Capacity Rate	Debt Service Tax Capacity Rate	Total County Tax Capacity Rate	Operating Tax Capacity Rate	Debt Service Tax Capacity Rate	Total School Tax Capacity Rate		
2021	47.737	14.929	62.666	40.392	0.832	41.224	8.674	14.531	23.205	0.372	127.467
2020	48.760	12.287	61.047	38.994	0.902	39.896	9.201	14.382	23.583	0.376	124.902
2019	47.918	13.123	61.041	41.038	0.629	41.667	10.906	13.947	24.853	0.400	127.961
2018	42.795	12.892	55.687	39.115	0.878	39.993	10.914	14.328	25.242	0.394	121.316
2017	42.959	12.788	55.747	39.199	0.889	40.088	9.060	15.708	24.768	0.400	121.003
2016	38.139	12.366	50.505	37.865	0.652	38.517	9.215	16.363	25.578	0.405	115.005
2015	35.060	13.679	48.739	33.929	0.620	34.549	8.887	17.176	26.063	0.387	109.738
2014	32.571	13.594	46.165	29.202	0.603	29.805	8.501	16.026	24.527	0.357	100.854
2013	32.815	15.566	48.381	27.391	0.615	28.006	9.587	18.247	27.834	0.349	104.570
2012	32.006	16.343	48.349	33.826	0.786	34.612	10.173	19.978	30.151	0.423	113.535

Source: Martin County Assessors' Office.

**City of Fairmont, Minnesota
Principal Property Taxpayers
Current Year and Nine Years Ago**

Table 9

Taxpayer	Type of Business	2021			2012		
		Taxable Market Value	Rank	Percentage of Total Taxable Market Value	Taxable Market Value	Rank	Percentage of Total Taxable Market Value
Cenex Harvest States	Soybean Crushing	\$ 27,661,900	1	3.5 %	\$ 15,179,700	2	2.7 %
Green Plains Fairmont LLC	Ethanol Manufacturing	16,661,100	2	2.1	24,305,300	1	4.4
SMMPA	Utilities	8,735,400	3	1.1			
Wal-Mart	Retail	8,659,600	4	1.1	11,123,300	3	2.0
Goldfinch Estates	Assisted Living	12,938,300	5	1.7	7,974,600	4	1.4
Mayo Health Systems-Fairmont	Medical Facility	7,971,200	6	1.0	5,400,600	5	1.0
Fairmont Foods	Food Processing	5,745,200	7	0.7			
Bank Midwest	Banking	5,261,300	8	0.7			
Weigh-Tronix, Inc.	Scale Manufacturing	4,817,800	9	0.6	3,698,800	6	0.7
Minnesota Energy Resources	Utilities	4,641,200	10	0.6			
US Foods, Inc.	Food Distribution	-		-	3,200,000	7	0.6
Holiday Inn	Hotel	-		-	3,003,700	8	0.5
Welchland Investments, LLC	Professional Services	-		-	2,859,200	9	0.5
Fairmont Foods	Food Processing	-		-	3,187,500	10	0.5
Village Coop	Senior Cooperative Living	-		-	2,816,600	10	0.5
Total		<u>\$ 103,093,000</u>		<u>13.1 %</u>	<u>\$ 82,749,300</u>		<u>14.8 %</u>

Source: Martin County Assessors' Office.

City of Fairmont, Minnesota
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 10

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
2021	\$ 5,667,794	\$ 5,537,191	97.7 %	\$ -	\$ 5,537,191	97.7 %
2020	5,305,980	5,238,975	98.7	36,585	5,275,560	99.4
2019	4,712,867	4,642,968	98.5	63,654	4,706,622	99.9
2018	4,537,870	4,485,200	98.8	47,721	4,532,921	99.9
2017	4,049,030	4,000,995	98.8	44,245	4,045,240	99.9
2016	3,714,706	3,680,130	99.1	31,352	3,711,482	99.9
2015	3,410,035	3,372,606	98.9	36,704	3,409,310	100.0
2014	3,310,714	3,264,224	98.6	46,093	3,310,317	100.0
2013	3,214,285	3,156,697	98.2	57,240	3,213,937	100.0
2012	3,120,665	3,064,821	98.2	55,328	3,120,149	100.0

City of Fairmont, Minnesota
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 11

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of (Net) General Bonded Debt to Property Value	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Tax Increment Bonds	Storm Sewer Bonds	General Obligation Revenue Bonds				
2021	\$ -	\$ 19,955,697	\$ -	\$ -	\$ 24,896,737	\$ 44,852,434	2.34 %	13.87 %	\$ 4,309
2020	-	12,098,120	-	218,702	24,904,000	37,220,822	1.46	11.90	3,549
2019	-	13,583,908	-	420,790	26,477,000	40,481,698	1.74	12.71	3,928
2018	-	12,341,734	-	622,878	28,019,000	40,983,612	1.62	12.78	3,967
2017	-	14,791,279	-	814,967	29,530,000	45,136,246	2.02	15.14	4,360
2016	-	15,553,250	-	1,002,055	31,012,000	47,567,305	2.17	15.78	4,565
2015	-	16,628,375	-	1,179,144	32,466,495	50,274,014	2.41	17.51	4,804
2014	-	15,513,284	-	1,356,232	33,815,421	50,684,937	2.24	18.19	4,830
2013	-	20,171,849	-	1,528,321	34,200,762	55,900,932	3.11	20.38	5,313
2012	65,000	19,778,940	-	1,693,321	27,313,160	48,850,421	3.15	18.41	4,595

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

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City of Fairmont, Minnesota
Direct and Overlapping Governmental Activities Debt
December 31, 2021

Table 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
City of Fairmont	\$ 19,955,697	100.00 %	\$ 19,955,697
Total direct debt	<u>19,955,697</u>		<u>19,955,697</u>
Martin County	23,299,000	17.36	4,044,706
Independent School District No. 2752	36,720,000	48.93	17,967,096
Total overlapping debt	<u>60,019,000</u>		<u>22,011,802</u>
Total direct and overlapping debt	<u>\$ 79,974,697</u>		<u>\$ 41,967,499</u>

Source: Martin County Assessors' Office and Independent School District No. 2752.

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 of Fairmont. This process recognized that, when considering the government'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 Fairmont, Minnesota
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2021	2020	2019	2018
Debt Limit	\$ 23,470,512	\$ 22,678,542	\$ 21,264,642	\$ 20,566,395
Total net debt applicable to limit	-	-	-	-
Legal Debt Margin	<u>\$ 23,470,512</u>	<u>\$ 22,678,542</u>	<u>\$ 21,264,642</u>	<u>\$ 20,566,395</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Legal Debt Margin Calculation for Fiscal Year 2020

Market value	\$ 782,350,400
Debt limit (3% of total assessed value)	<u>23,470,512</u>
Debt applicable to limit	
General obligation bonds	-
Less Amount set aside for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 23,470,512</u>

Note: Under state finance law, the City of Fairmont's outstanding general obligation debt should not exceed 3 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligations bonds.

Table 13

Fiscal Year					
2017	2016	2015	2014	2013	2012
\$ 19,772,562	\$ 19,234,896	\$ 18,414,708	\$ 18,517,473	\$ 17,169,371	\$ 16,580,637
-	-	-	-	-	65,000
<u>\$ 19,772,562</u>	<u>\$ 19,234,896</u>	<u>\$ 18,414,708</u>	<u>\$ 18,517,473</u>	<u>\$ 17,169,371</u>	<u>\$ 16,515,637</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.4</u>

**City of Fairmont, Minnesota
Pledged-Revenue Coverage
Last Ten Fiscal Years**

Table 14

		Utility Revenue Bonds						
		Gross	Direct	Net Revenue	Debt Service Requirements ⁽⁴⁾			
		Revenue	Operating	Available for	Principal	Interest	Total	Coverage
Year			Expenses ⁽³⁾	Debt Service				
2021	⁽¹⁾	\$ 7,875,858	\$ 5,632,217	\$ 2,243,641	\$ 1,814,000	\$ 544,425	\$ 2,358,425	0.95
2020	⁽¹⁾	6,926,047	3,870,609	3,055,438	1,773,000	583,477	2,356,477	1.30
2019	⁽¹⁾	6,628,823	3,712,314	2,916,509	1,742,000	621,081	2,363,081	1.23
2018	⁽¹⁾	6,538,779	3,467,187	3,071,592	1,701,000	657,039	2,358,039	1.30
2017	⁽¹⁾	6,508,636	3,440,195	3,068,441	1,667,000	692,037	2,359,037	1.30
2016	⁽¹⁾	6,559,574	3,294,576	3,264,998	1,629,495	726,279	2,355,774	1.39
2015	⁽²⁾	6,330,329	3,112,875	3,217,454	1,624,000	756,333	2,380,333	1.35
2014	⁽²⁾	6,452,780	2,992,864	3,459,916	1,590,000	765,525	2,355,525	1.47
2013	⁽²⁾	6,498,498	2,937,352	3,561,146	1,744,000	609,695	2,353,695	1.51
2012	⁽²⁾	5,823,490	2,701,862	3,121,628	833,812	289,320	1,123,132	2.78

Source: City of Fairmont Financial Records.

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements. Sewer charges and other includes investment earnings but not tap fees. Operating expenses do not include interest or depreciation.

⁽¹⁾ Includes Storm Water, Waste Water and Water only (no other utilities had debt).

⁽²⁾ Includes Storm Water, Water and Waste Water only (no other utilities had debt).

⁽³⁾ Does not include depreciation.

⁽⁴⁾ The revenues of the utility are pledged to payment of debt service but bonds are backed by the full faith and credit of the City.

**City of Fairmont, Minnesota
Demographic and Economic Statistics
Last Ten Fiscal Years**

Table 15

Fiscal Year	Population ^(A)	Per Capita Personal Income ^(B)	Total Personal Income ^(B)	Median Age ^(B)	School Enrollment ^(C)	Unemployment Rate ^(D)
2021	10,410	\$ 31,063	\$ 323,365,830	46.3	1,687	2.5 %
2020	10,487	29,814	312,659,418	46.3	1,630	3.9
2019	10,307	30,900	318,486,300	44.0	1,694	3.4
2018	10,332	31,042	320,725,944	44.5	1,711	3.6
2017	10,353	28,797	298,135,341	45.9	1,681	3.5
2016	10,421	28,930	301,479,530	46.0	1,696	3.9
2015	10,464	27,443	287,163,552	45.8	1,695	4.5
2014	10,494	26,550	278,615,700	45.5	1,696	4.1
2013	10,521	26,065	274,229,865	46.4	1,699	4.4
2012	10,631	24,965	265,402,915	46.0	1,694	5.0

^(A) Source: MN State Demographer

^(B) Source: United States Census Bureau

^(C) Source: ISD #2752

^(D) Source: MN DEED. Rates are for Martin County - Rates are not compiled for individual communities within the County

**City of Fairmont, Minnesota
Principal Employers
Current Year and Nine Years Ago**

Table 16

Employer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fairmont Mayo Health Systems	428	1	3.40 %	625	1	5.87 %
Fairmont Foods of Minnesota	315	2	3.20	350	3	3.29
ISD 2752	250	3	3.10	240	5	2.26
Weigh-Tronix Scale Manufacturing	239	4	3.10	400	2	3.76
Hy-Vee	220	5	2.60	200	7	1.88
REM Heartland	200	6	2.50	200	8	1.88
Wal-Mart	170	7	2.30	195	9	1.83
Torgerson Properties	167	8	2.00	275	4	2.58
Lakeview Health Care Facility	165	9	1.70	215	6	2.02
3M	109	10	-	180	10	1.69
Total	<u>2,263</u>		<u>23.90 %</u>	<u>2,880</u>		<u>27.06 %</u>

Source: State Department of Commerce.

City of Fairmont, Minnesota
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Table 17

Function	Full-time Equivalent Employees as of December 31									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government	11	11	11	11	11	10	11	11	11	11
Public Safety										
Police										
Officers	17	18	18	18	18	15	16	16	16	17
Civilians	2	2	2	2	2	2	2	2	2	2
Streets and Highways										
Engineering	4	4	4	4	4	4	3	3	4	4
Maintenance	11	11	11	11	10	10	10	10	10	10
Culture and Recreation										
Parks	10	10	10	10	10	10	9	9	8	8
Housing and Economic Development	3	3	3	4	4	4	3	3	2	2
Water	10	11	11	11	12	12	12	11	10	10
Sewer	5	5	5	5	5	5	5	5	6	6
Electric	10	10	9	11	11	11	11	11	12	12
Liquor Store	3	3	3	3	3	3	3	3	3	3
Airport	1	1	1	1	1	1	1	1	-	-
Total	<u>87</u>	<u>89</u>	<u>88</u>	<u>91</u>	<u>91</u>	<u>87</u>	<u>86</u>	<u>85</u>	<u>84</u>	<u>85</u>

Source: City of Fairmont Records

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City of Fairmont, Minnesota
Operating Indicators by Function
Last Ten Fiscal Years

Table 18

Function	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police										
Adult arrests	910	755	1,269	1,320	1,086	916	979	1,310	1,178	1,306
Juvenile arrests	39	61	128	86	89	69	87	74	54	125
Fire										
Number of fire calls answered	102	87	102	95	104	103	119	114	126	122
Number of rescue calls answered	33	35	35	36	40	34	19	17	22	28
Highways and Streets										
Street resurfacing (miles)	6	1	5	1	4	1	5	3	4	5
Culture and Recreation										
Attendance at water park	20,908	11,898	20,747	21,691	21,852	25,585	25,336	22,771	22,400	24,500
Water										
Annual water consumption (thousands of gallons)	389,325	348,032	345,631	359,856	371,690	375,715	367,127	354,293	414,121	430,334
Wastewater										
Annual treatment flows (thousands of gallons)	453,720	558,330	758,520	778,920	586,820	673,240	490,670	475,036	468,170	404,830
Electric										
Annual KWH electricity sold (thousands of kwh)	144,242	141,697	144,833	150,728	146,088	147,048	142,562	147,322	148,187	151,973

Sources: Various government departments.

Note: Indicators are not available for the general government function.

City of Fairmont, Minnesota
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year					
	2021	2020	2019	2018	2017	2016
Public Safety						
Police						
Stations	1	1	1	1	1	1
Full-time paid police	17	18	18	18	18	14
Part-time paid police	2	2	2	2	2	2
Civilian employees	2	2	2	2	2	2
Fire						
Stations	1	1	1	1	1	1
Volunteer fire fighters	27	29	28	32	32	32
Hydrants	562	556	556	556	556	556
I.S.O. Rating	5	5	5	5	5	5
Public Works						
Street division						
Miles of street	75	74	74	74	74	74
Percent of paved streets	97	97	97	9700%	96%	96%
Signalized intersections	9	9	10	10	10	10
Roundabouts	1	1	-	-	-	-
Parks division						
Neighborhood parks	29	29	29	29	29	29
Area in acres	560	560	560	560	560	560
Basketball courts	2	2	2	2	2	2
Hockey rinks/indoor	1	1	1	1	1	1
Hockey rinks/outdoor	1	1	1	1	1	1
Baseball diamonds	1	1	1	1	1	1
Softball diamonds	3	3	3	3	3	3
Mini Golf (18 holes)	1	1	1	-	-	-
Disc Golf (54 holes)	1	1	1	1	1	1
Swimming areas	2	2	2	2	2	2
Tennis courts	2	2	2	2	2	2
Volleyball courts	5	5	5	2	2	2
Utilities						
Municipal water						
Consumers	4,501	4,449	4,435	4,433	4,430	4,435
Average daily consumption	1,245,642	1,231,170	1,217,150	1,238,544	1,220,239	1,265,344
Maximum production capacity	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000
Storage capacity	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000
Miles of water main	85	84	84	84	84	84
Municipal wastewater treatment						
Average daily treatment	1,242,500	1,523,333	2,070,833	2,131,667	1,608,333	1,836,667
Maximum design capacity	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000
Miles of sanitary sewer	79	81	81	81	81	81
Storm drains						
Miles of storm sewer	61	56	56	41	41	41
Holding ponds	13	13	13	9	9	9
Parking System						
Off-street parking						
Off street lots	7	7	7	7	7	7
Employees						
Supervisors	10	10	10	10	10	10
Union employees	61	61	62	63	64	61
Other employees	16	18	16	18	17	16
Total Employees	87	89	88	91	91	87

Source: City of Fairmont Records

Note: No capital asset indicators are available for the general government function.

Table 19

Fiscal Year			
2015	2014	2013	2012
1	1	1	1
15	15	16	17
3	3	3	3
2	2	2	2
1	1	1	1
32	32	32	32
556	556	556	556
5	5	5	5
74	74	74	74
96%	96%	96%	96%
10	10	10	10
-	-	-	-
29	26	26	26
560	540	540	540
2	2	2	2
1	1	1	1
1	1	1	1
1	1	1	1
3	3	3	3
-	-	-	-
1	1	1	1
2	2	2	2
2	2	2	2
2	2	2	2
4,423	4,410	4,426	4,429
1,238,628	970,665	1,134,577	1,272,199
5,400,000	5,400,000	5,400,000	5,400,000
4,800,000	4,800,000	4,800,000	4,800,000
83	83	83	83
1,342,500	1,301,468	1,282,658	1,109,123
11,500,000	11,500,000	11,500,000	11,500,000
80	80	80	80
41	41	41	41
8	8	8	8
7	7	7	7
10	10	10	10
59	58	57	58
17	17	17	17
86	85	84	85

**City of Fairmont, Minnesota
Public Utilities Commission
Operating Expenses by Function
Last Ten Fiscal Years**

	Fiscal Year				
	2021	2020	2019	2018	2017
Electric Department/Fund					
Production	\$ 11,335,480	\$ 11,045,034	\$ 11,362,565	\$ 11,988,898	\$ 11,830,111
Distribution	1,400,491	1,211,160	1,140,552	1,321,749	1,319,652
Administration and depreciation	1,406,092	1,419,231	1,486,329	1,578,789	1,434,720
Total Electric Department/Fund	<u>14,142,063</u>	<u>13,675,425</u>	<u>13,989,446</u>	<u>14,889,436</u>	<u>14,584,483</u>
Water Department/Fund					
Filtration	2,923,257	1,090,886	1,190,152	1,192,070	1,338,340
Distribution	735,469	652,320	560,545	548,746	296,577
Administration and depreciation	1,156,332	1,420,613	1,282,493	1,305,123	1,323,799
Total Water Department/Fund	<u>4,815,058</u>	<u>3,163,819</u>	<u>3,033,190</u>	<u>3,045,939</u>	<u>2,958,716</u>
Wastewater Department/Fund					
Treatment	933,033	753,613	772,346	586,482	615,313
Collection	410,550	317,671	308,481	270,740	296,213
Administration and depreciation	761,175	920,281	877,645	853,625	841,832
Total Wastewater Department/Fund	<u>2,104,758</u>	<u>1,991,565</u>	<u>1,958,472</u>	<u>1,710,847</u>	<u>1,753,358</u>
Total	<u>\$ 21,061,879</u>	<u>\$ 18,830,809</u>	<u>\$ 18,981,108</u>	<u>\$ 19,646,222</u>	<u>\$ 19,296,557</u>

Table 20

Fiscal Year				
2016	2015	2014	2013	2012
\$ 11,652,003	\$ 10,697,955	\$ 10,973,273	\$ 11,370,136	\$ 11,488,996
1,309,186	1,158,176	1,171,484	1,173,817	1,251,599
1,250,177	1,387,871	1,364,473	1,357,745	1,253,489
14,211,366	13,244,002	13,509,230	13,901,698	13,994,084
1,339,214	1,028,792	986,423	950,375	957,550
301,137	439,942	420,787	466,580	449,489
1,335,355	1,229,500	479,722	436,620	356,590
2,975,706	2,698,234	1,886,932	1,853,575	1,763,629
491,159	589,736	532,665	633,326	623,509
296,240	294,909	287,866	303,052	279,944
830,211	807,607	839,304	843,856	781,998
1,617,610	1,692,252	1,659,835	1,780,234	1,685,451
\$ 18,804,682	\$ 17,634,488	\$ 17,055,997	\$ 17,535,507	\$ 17,443,164

**City of Fairmont, Minnesota
Public Utilities Commission
Revenue By Utility
Last Ten Fiscal Years**

	Fiscal Year				
	2021	2020	2019	2018	2017
Electric Department/Fund	\$ 15,371,028	\$ 15,096,642	\$ 15,547,859	\$ 16,384,952	\$ 15,845,241
Water Department/Fund	4,657,030	3,828,469	3,538,073	3,513,185	3,488,744
District Heat Department/Fund	-	-	-	-	-
Wastewater Department/Fund	<u>2,637,253</u>	<u>2,380,822</u>	<u>2,290,534</u>	<u>2,303,196</u>	<u>2,334,068</u>
Total	<u><u>\$ 22,665,311</u></u>	<u><u>\$ 21,305,933</u></u>	<u><u>\$ 21,376,466</u></u>	<u><u>\$ 22,201,333</u></u>	<u><u>\$ 21,668,053</u></u>

Table 21

Fiscal Year				
2016	2015	2014	2013	2012
\$ 15,338,091	\$ 14,561,648	\$ 14,713,001	\$ 14,639,236	\$ 14,856,538
3,497,629	3,329,141	3,273,006	3,332,167	3,023,394
-	-	-	-	-
2,387,483	2,349,903	2,599,354	2,542,395	2,159,105
<u>\$ 21,223,203</u>	<u>\$ 20,240,692</u>	<u>\$ 20,585,361</u>	<u>\$ 20,513,798</u>	<u>\$ 20,039,037</u>

**City of Fairmont, Minnesota
Public Utilities Commission
Kilowatt Hours Generated and Purchased
Last Ten Fiscal Years**

Table 22

Year	Gross Generation	Purchased KWH	Purchased From	Total KWH	* Sales KWH	Own Use	Peak Demand
2021	-	149,279,377	SMMPA/WAPA	149,279,377	144,289,176	-	31,627
2020	-	146,680,532	SMMPA/WAPA	146,680,532	141,696,687	-	30,740
2019	-	149,293,261	SMMPA/WAPA	149,293,261	144,833,429	-	30,753
2018	-	154,178,601	SMMPA/WAPA	154,178,601	150,728,230	-	31,846
2017	-	151,628,686	SMMPA/WAPA	151,628,686	146,087,575	-	28,726
2016	-	153,558,569	SMMPA/WAPA	153,558,569	147,048,570	-	32,243
2015	-	149,679,834	SMMPA/WAPA	149,679,834	142,562,065	-	29,449
2014	-	153,388,172	SMMPA/WAPA	153,388,172	147,321,850	-	27,894
2013	-	157,632,145	SMMPA/WAPA	157,632,145	148,187,120	-	31,049
2012	133,000	158,852,096	SMMPA/WAPA	158,985,096	151,973,053	-	31,652

* Includes own use (but not station service).

**City of Fairmont, Minnesota
Public Utilities Commission
Cost Per Kwh Generated and Purchased
Last Ten Fiscal Years**

Table 23

Year	Production Cost Per KWH	Distribution Cost Per KWH	Administrative Cost Per KWH	Depreciation Cost Per KWH	Total Cost Per KWH	Total KWH Purchased and Generated Billed and Used	Cost Per KWH Billed and Used
2021	\$ 11,335,480 0.07593	\$ 1,400,491 0.00938	\$ 925,437 0.00620	\$ 480,655 0.00322	\$ 14,142,063 0.09474	149,279,377 144,289,176	\$ 0.09801
2020	11,045,034 0.07530	1,211,160 0.00826	963,606 0.00657	455,625 0.00311	13,675,425 0.09323	146,680,532 141,696,687	0.09651
2019	11,362,565 0.07611	1,140,552 0.00764	1,056,630 0.00708	429,699 0.00288	13,989,446 0.09370	149,293,261 144,833,429	0.09659
2018	11,988,898 0.07776	1,321,749 0.00857	1,165,401 0.00756	413,388 0.00268	14,889,436 0.09657	154,178,601 150,728,230	0.09878
2017	11,830,111 0.07802	1,319,652 0.00870	1,046,648 0.00690	388,072 0.00256	14,584,483 0.09619	151,628,686 146,087,575	0.09983
2016	11,652,003 0.07588	1,309,186 0.00853	861,771 0.00561	388,406 0.00253	14,211,366 0.09255	153,558,569 147,048,570	0.09664
2015	10,697,955 0.07147	1,158,176 0.00774	994,948 0.00665	392,923 0.00263	13,244,002 0.08848	149,679,834 142,562,065	0.09290
2014	10,973,273 0.07154	1,171,484 0.00764	982,024 0.00640	382,449 0.00249	13,509,230 0.08807	153,388,172 147,321,850	0.09170
2013	11,370,136 0.07213	1,173,817 0.00745	932,076 0.00591	425,669 0.00270	13,901,698 0.08819	157,632,145 148,187,120	0.09381
2012	11,488,996 0.07226	1,251,599 0.00787	825,695 0.00519	427,794 0.00269	13,994,084 0.08802	158,985,096 151,973,053	0.09208

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**City of Fairmont, Minnesota
Public Utilities Commission
Kilowatt Sales (Continued on the Following Pages)
Last Ten Fiscal Years**

Table 24

Type of Service	KWH	Amount Billed	Revenue Per KWH	Percent of KWH to Total KWH	Percent of Revenue to Total Revenue	Number of Meters in Service
<u>2021</u>						
Residential Light	29,025,127	\$ 3,286,486	\$ 0.113229	20.1 %	21.8 %	3,862
Commercial Service	20,973,160	2,226,226	0.106146	14.5	14.8	766
General Service	15,314,107	1,465,079	0.095669	10.6	9.7	43
Industrial Sales	53,191,464	4,778,195	0.089830	36.9	31.7	13
All Electric	8,361,915	634,469	0.075876	5.8	4.2	8
Rural Electric	3,585,401	400,183	0.111615	2.5	2.7	226
Filter Plant	1,381,334	91,859	0.066500	1.0	0.6	1
Street Lighting	496,053	37,204	0.075000	0.3	0.2	8
Flat Rate Security Lights	46,334	10,560	0.227910	-	0.1	-
Residential Heat	9,500,740	990,475	0.104252	6.6	6.6	912
Wastewater Plant	1,344,296	89,396	0.066500	0.9	0.6	1
Seasonal Heat Rate	1,069,245	84,088	0.078642	0.7	0.6	25
Energy Cost Adjustment	-	955,779	-	-	6.4	-
Total Sales	<u>144,289,176</u>	<u>\$ 15,049,999</u>	<u>\$ 0.104304</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>5,865</u>
<u>2020</u>						
Residential Light	28,676,595	\$ 3,251,767	\$ 0.113394	20.2 %	21.9 %	3,816
Commercial Service	19,972,644	2,155,867	0.107941	14.1	14.5	764
General Service	14,585,391	1,407,595	0.096507	10.3	9.5	42
Industrial Sales	52,632,897	4,760,160	0.090441	37.1	32.0	13
All Electric	8,384,124	605,805	0.072256	5.9	4.1	8
Rural Electric	3,601,322	401,797	0.111569	2.5	2.7	223
Filter Plant	1,388,800	92,355	0.066500	1.0	0.6	1
Street Lighting	499,104	37,433	0.075000	0.4	0.3	8
Flat Rate Security Lights	46,541	10,705	0.230012	-	0.1	143
Residential Heat	9,473,827	988,090	0.104297	6.7	6.7	905
Wastewater Plant	1,365,648	90,816	0.066500	1.0	0.6	1
Seasonal Heat Rate	1,069,794	82,849	0.077444	0.8	0.6	25
Energy Cost Adjustment	-	943,511	-	-	6.4	-
Total Sales	<u>141,696,687</u>	<u>\$ 14,828,750</u>	<u>\$ 0.104651</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>5,949</u>

**City of Fairmont, Minnesota
Public Utilities Commission
Kilowatt Sales (Continued)
Last Ten Fiscal Years**

Table 24 (Continued)

Type of Service	KWH	Amount Billed	Revenue Per KWH	Percent of KWH to Total KWH	Percent of Revenue to Total Revenue	Number of Meters in Service
<u>2019</u>						
Residential Light	27,859,621	\$ 3,165,892	\$ 0.113637	19.2 %	20.8 %	3,816
Commercial Service	22,264,366	2,349,325	0.105520	15.4	15.5	764
General Service	15,710,084	1,538,087	0.097904	10.8	10.1	42
Industrial Sales	52,659,930	4,781,350	0.090797	36.4	31.6	13
All Electric	8,580,360	673,994	0.078551	5.9	4.4	8
Rural Electric	3,730,724	414,555	0.111119	2.6	2.7	223
Filter Plant	1,382,000	91,903	0.066500	1.0	0.6	1
Street Lighting	499,123	37,434	0.075000	0.3	0.2	8
Flat Rate Security Lights	46,540	10,675	0.229373	-	0.1	-
Residential Heat	9,424,897	985,082	0.104519	6.5	6.5	905
Wastewater Plant	1,406,052	93,502	0.066500	1.0	0.6	1
Seasonal Heat Rate	1,269,732	97,076	0.076454	0.9	0.6	25
Energy Cost Adjustment	-	962,885	-	-	6.3	-
Total Sales	<u>144,833,429</u>	<u>\$ 15,201,760</u>	<u>\$ 0.104960</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>5,806</u>
Type of Service	KWH	Amount Billed	Revenue Per KWH	Percent of KWH to Total KWH	Percent of Revenue to Total Revenue	Number of Meters in Service
<u>2018</u>						
Residential Light	29,310,618	\$ 3,316,840	\$ 0.113162	19.4 %	20.9 %	3,786
Commercial Service	22,791,640	2,438,585	0.106995	15.1	15.3	755
General Service	16,497,971	1,626,728	0.098602	10.9	10.2	42
Industrial Sales	53,960,562	4,883,075	0.090493	35.9	30.8	12
All Electric	8,782,597	770,695	0.087753	5.8	4.8	8
Rural Electric	4,021,451	446,534	0.111038	2.7	2.8	227
Filter Plant	1,398,400	92,994	0.066500	0.9	0.6	1
Street Lighting	1,568,877	117,666	0.075000	1.0	0.7	6
Flat Rate Security Lights	75,982	10,739	0.141336	0.1	0.1	146
Residential Heat	9,613,644	1,003,001	0.104331	6.4	6.3	910
Wastewater Plant	1,422,302	94,576	0.066495	0.9	0.6	1
Seasonal Heat Rate	1,284,186	99,419	0.077418	0.9	0.6	22
Energy Cost Adjustment	-	1,004,451	-	-	6.3	-
Total Sales	<u>150,728,230</u>	<u>\$ 15,905,303</u>	<u>\$ 0.105523</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>5,916</u>

**City of Fairmont, Minnesota
Public Utilities Commission
Kilowatt Sales (Continued)
Last Ten Fiscal Years**

Table 24 (Continued)

Type of Service	KWH	Amount Billed	Revenue Per KWH	Percent of KWH to Total KWH	Percent of Revenue to Total Revenue	Number of Meters in Service
<u>2017</u>						
Residential Light	27,178,487	\$ 3,089,916	\$ 0.113690	18.6 %	20.1 %	3,790
Commercial Service	21,667,094	2,313,203	0.106761	14.8	15.0	758
General Service	16,148,841	1,615,370	0.100030	11.1	10.5	42
Industrial Sales	54,949,723	4,944,410	0.089981	37.7	32.1	12
All Electric	8,082,443	718,901	0.088946	5.5	4.7	8
Rural Electric	3,681,432	408,733	0.111026	2.5	2.7	227
Filter Plant	1,370,000	91,105	0.066500	0.9	0.6	1
Street Lighting	1,556,513	116,739	0.075000	1.1	0.8	6
Flat Rate Security Lights	126,972	10,058	0.079214	0.1	0.1	146
Residential Heat	8,980,862	929,531	0.103501	6.1	6.0	907
Wastewater Plant	1,350,010	85,786	0.063545	0.9	0.6	1
SMMPA Expansion Rate	995,198	74,407	0.074766	0.7	0.5	26
Energy Cost Adjustment	-	972,114	-	-	6.3	-
Total Sales	<u>146,087,575</u>	<u>\$ 15,370,273</u>	<u>\$ 0.105213</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>5,924</u>
<u>2016</u>						
Residential Light	28,364,575	\$ 3,214,306	\$ 0.113321	19.3 %	21.5 %	3,787
Commercial Service	20,939,951	2,249,471	0.107425	14.2	15.1	757
General Service	17,154,277	1,711,015	0.099743	11.7	11.5	42
Industrial Sales	53,320,399	4,767,863	0.089419	36.1	32.0	12
All Electric	8,675,268	765,268	0.088213	5.9	5.1	8
Rural Electric	3,910,260	431,242	0.110285	2.7	2.9	228
Filter Plant	1,423,200	94,643	0.066500	1.0	0.6	1
Street Lighting	1,600,001	120,000	0.075000	1.1	0.8	6
Flat Rate Security Lights	127,656	11,463	0.089796	0.1	0.1	141
Residential Heat	9,201,702	959,942	0.104322	6.3	6.4	895
Wastewater Plant	1,287,238	85,601	0.066500	0.9	0.6	1
SMMPA Expansion Rate	1,044,043	77,500	0.074231	0.7	0.5	27
Energy Cost Adjustment	-	430,775	-	-	2.9	-
Total Sales	<u>147,048,570</u>	<u>\$ 14,919,089</u>	<u>\$ 0.101457</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>5,905</u>

**City of Fairmont, Minnesota
Public Utilities Commission
Kilowatt Sales (Continued)
Last Ten Fiscal Years**

Table 24 (Continued)

Type of Service	KWH	Amount Billed	Revenue Per KWH	Percent of KWH to Total KWH	Percent of Revenue to Total Revenue	Number of Meters in Service
<u>2015</u>						
Residential Light	27,532,940	\$ 3,132,345	\$ 0.113767	19.3 %	22.2 %	3,849
Commercial Service	20,172,539	2,180,659	0.108100	14.2	15.5	753
General Service	17,502,445	1,765,020	0.100844	12.3	12.5	43
Industrial Sales	50,448,638	4,503,510	0.089269	35.4	31.9	12
All Electric	8,595,082	759,629	0.088379	6.0	5.4	8
Rural Electric	3,749,447	417,365	0.111314	2.6	3.0	226
Filter Plant	1,391,200	92,515	0.066500	1.0	0.7	1
Street Lighting	1,634,671	122,601	0.075000	1.1	0.9	6
Flat Rate Security Lights	126,678	10,545	0.083243	0.1	0.1	-
Residential Heat	8,938,461	934,426	0.104540	6.3	6.6	901
Wastewater Plant	1,401,166	93,178	0.066500	1.0	0.7	1
SMMPA Expansion Rate	1,068,798	77,445	0.072460	0.7	0.5	24
Energy Cost Adjustment	-	3	-	-	-	-
Total Sales	<u>142,562,065</u>	<u>\$ 14,089,241</u>	<u>\$ 0.098829</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>5,824</u>
<u>2014</u>						
Residential Light	28,653,260	\$ 2,418,394	\$ 0.081274	19.4 %	17.0 %	3,879
Commercial Service	21,184,995	1,656,657	0.075071	14.4	11.6	747
General Service	18,549,910	1,286,853	0.064377	12.6	9.0	43
Industrial Sales	50,409,061	3,068,222	0.062040	34.3	21.5	12
All Electric	9,039,097	556,328	0.061445	6.1	3.9	8
Rural Electric	3,914,295	323,984	0.082104	2.7	2.3	225
Filter Plant	1,437,200	54,614	0.045045	1.0	0.4	1
Street Lighting	1,791,188	134,339	0.076718	1.2	0.9	6
Flat Rate Security Lights	128,637	10,320	0.082005	0.1	0.1	-
Residential Heat	9,293,874	698,258	0.081188	6.3	4.9	888
Wastewater Plant	1,535,800	58,360	0.044019	1.0	0.4	1
SMMPA Expansion Rate	1,384,533	62,782	0.069582	0.9	0.4	22
Energy Cost Adjustment	-	3,933,326	-	-	27.6	-
Total Sales	<u>147,321,850</u>	<u>\$ 14,262,437</u>	<u>\$ 0.096811</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>5,832</u>

**City of Fairmont, Minnesota
Public Utilities Commission
Kilowatt Sales (Continued)
Last Ten Fiscal Years**

Table 24 (Continued)

Type of Service	KWH	Amount Billed	Revenue Per KWH	Percent of KWH to Total KWH	Percent of Revenue to Total Revenue	Number of Meters in Service
<u>2013</u>						
Residential Light	29,755,931	\$ 2,500,922	\$ 0.084048	20.1 %	17.5 %	3,909
Commercial Service	22,067,984	1,728,734	0.078337	14.9	12.1	761
General Service	19,989,428	1,354,742	0.067773	13.5	9.5	43
Industrial Sales	49,455,710	3,141,624	0.063524	33.3	22.0	12
All Electric	9,054,123	549,234	0.060661	6.1	3.9	8
Rural Electric	3,946,018	319,756	0.081033	2.7	2.2	224
Filter Plant	1,212,440	46,073	0.038000	0.8	0.3	1
Street Lighting	1,751,086	131,332	0.075000	1.2	0.9	6
Flat Rate Security Lights	125,846	10,519	0.083586	0.1	0.1	-
Residential Heat	8,600,482	687,168	0.079899	5.8	4.8	867
Wastewater Plant	1,325,800	50,380	0.038000	0.9	0.4	1
SMPMA Expansion Rate	902,272	41,182	0.045643	0.6	0.3	24
Energy Cost Adjustment	-	3,703,983	-	-	26.0	-
Total Sales	<u>148,187,120</u>	<u>\$ 14,265,649</u>	<u>\$ 0.096268</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>5,856</u>
<u>2012</u>						
Residential Light	30,135,119	\$ 2,585,797	\$ 0.085807	19.8 %	17.9 %	4,002
Commercial Service	21,416,365	1,681,089	0.078496	14.1	11.6	741
General Service	19,763,554	1,366,118	0.069123	13.0	9.5	47
Industrial Sales	54,749,354	3,291,661	0.060122	36.1	23.0	12
All Electric	8,402,183	524,619	0.062438	5.5	3.6	8
Rural Electric	3,541,412	294,972	0.083292	2.3	2.0	225
Filter Plant	1,475,640	56,074	0.038000	1.0	0.4	1
Street Lighting	1,767,241	132,543	0.075000	1.2	0.9	6
Flat Rate Security Lights	131,924	10,427	0.079038	0.1	0.1	-
Residential Heat	8,688,023	652,925	0.075152	5.7	4.5	798
Wastewater Plant	1,248,800	47,454	0.038000	0.8	0.3	1
SMPMA Expansion Rate	653,438	30,192	0.046205	0.4	0.2	26
Energy Cost Adjustment	-	3,758,736	-	-	26.0	-
Total Sales	<u>151,973,053</u>	<u>\$ 14,432,607</u>	<u>\$ 0.094968</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>5,867</u>

**City of Fairmont, Minnesota
Public Utilities Commission
Large Electric Users
Total Kilowatt Hours Used and Revenue Earned Per Year
Last Ten Fiscal Years**

	Fiscal Year			
	2021	2020	2019	2018
Industrial/Commercial Users				
Fairmont Foods 1 & 2	17,605,043 \$ 1,623,706	17,873,323 \$ 1,697,329	17,836,756 \$ 1,697,329	18,089,301 \$ 1,695,401
3M Minnesota Mining and Manufacturing	7,588,667 \$ 740,822	7,091,111 \$ 691,536	7,410,947 \$ 715,857	8,254,355 \$ 778,448
Harsco Track Technology	564,000 \$ 66,121	518,400 \$ 61,315	480,000 \$ 55,111	447,600 \$ 50,090
ADS/Hancor	8,563,000 \$ 788,399	8,356,000 \$ 780,181	6,939,000 \$ 671,093	5,780,000 \$ 578,682
Weigh-Tronix	4,138,794 \$ 430,682	4,148,523 \$ 439,942	5,025,564 \$ 508,736	5,421,726 \$ 550,597
Fareway Foods	1,169,380 \$ 70,163	1,181,904 \$ 78,803	1,189,792 \$ 109,971	1,243,206 \$ 115,007
Bomgars/Shopko	714,250 \$ 78,592	566,500 \$ 60,141	650,500 \$ 65,981	889,250 \$ 93,224
Torgerson/Holiday Inn/Best Western	1,391,750 \$ 135,353	1,289,750 \$ 129,242	1,526,500 \$ 150,514	1,472,250 \$ 146,828
Five Lakes Center	678,200 \$ 40,692	683,680 \$ 45,584	752,120 \$ 80,286	832,680 \$ 87,720
Hy-Vee Foods	2,571,600 \$ 237,955	2,580,800 \$ 239,858	2,687,600 \$ 248,140	2,736,800 \$ 253,234
Americold/Cloverleaf/Fairmont Refrigerated Services	4,932,360 \$ 448,435	5,046,840 \$ 457,704	5,338,800 \$ 483,978	5,665,680 \$ 509,622
Wal-Mart Stores	2,737,600 \$ 263,536	2,515,600 \$ 251,392	2,736,400 \$ 274,293	3,370,000 \$ 322,079
Fairmont Hospital Mayo	5,914,090 \$ 354,845	5,939,760 \$ 394,268	6,001,047 \$ 458,907	6,107,877 \$ 557,391
I.S.D. No. 2752	1,716,000 \$ 221,436	1,437,600 \$ 208,806	1,689,600 \$ 239,758	1,833,600 \$ 257,019
Wastewater Treatment Plant	1,334,830 \$ 97,676	1,365,648 \$ 90,816	1,404,052 \$ 93,502	1,422,302 \$ 94,576
Water Treatment Plant	1,390,800 \$ 92,491	1,388,800 \$ 92,355	1,382,000 \$ 91,903	1,398,400 \$ 92,994

Table 25

Fiscal Year					
2017	2016	2015	2014	2013	2012
17,322,061	16,131,520	14,158,043	13,051,618	2,464,831	14,315,307
\$ 1,630,297	\$ 1,440,743	\$ 1,210,805	\$ 1,107,336	\$ 1,042,803	\$ 1,180,918
8,787,746	9,002,036	8,211,144	7,825,221	7,591,649	7,712,425
\$ 825,014	\$ 798,762	\$ 701,501	\$ 651,696	\$ 619,290	\$ 631,048
456,000	486,300	518,400	517,200	552,000	571,200
\$ 50,748	\$ 50,089	\$ 50,927	\$ 51,381	\$ 54,207	\$ 56,457
6,569,000	5,490,000	6,089,000	6,670,000	7,509,000	8,627,000
\$ 648,024	\$ 534,868	\$ 567,118	\$ 601,875	\$ 666,009	\$ 723,634
5,373,396	5,655,123	5,418,081	5,597,822	5,734,080	6,392,412
\$ 544,844	\$ 549,562	\$ 518,706	\$ 523,817	\$ 530,950	\$ 575,467
1,211,071	1,279,500	1,339,479	1,378,376	1,484,452	1,398,829
\$ 113,631	\$ 144,365	\$ 117,101	\$ 119,403	\$ 124,463	\$ 119,854
925,500	986,250	1,123,000	1,218,750	1,414,500	1,451,000
\$ 95,098	\$ 100,484	\$ 108,445	\$ 109,459	\$ 122,882	\$ 123,958
1,351,500	1,425,750	1,443,250	1,565,250	1,633,500	1,552,500
\$ 135,959	\$ 135,194	\$ 134,459	\$ 141,662	\$ 143,720	\$ 139,323
801,360	917,255	1,044,880	1,129,560	1,092,200	945,860
\$ 84,918	\$ 92,316	\$ 103,581	\$ 105,865	\$ 103,406	\$ 88,258
2,744,800	2,810,400	2,756,800	2,666,800	2,698,800	2,605,120
\$ 251,410	\$ 247,622	\$ 234,366	\$ 224,510	\$ 222,689	\$ 221,566
5,841,720	5,881,320	5,660,120	6,055,200	6,139,800	6,127,560
\$ 526,569	\$ 496,713	\$ 460,842	\$ 485,452	\$ 480,003	\$ 474,287
3,604,400	3,431,200	3,110,800	3,234,800	3,296,000	3,449,200
\$ 338,028	\$ 304,944	\$ 264,077	\$ 266,997	\$ 270,157	\$ 283,831
5,634,855	6,276,600	6,192,900	3,487,368	6,375,600	6,314,400
\$ 529,624	\$ 552,693	\$ 537,020	\$ 399,776	\$ 527,157	\$ 516,892
1,973,800	2,023,200	1,980,000	3,487,368	3,585,720	3,427,680
\$ 266,275	\$ 262,645	\$ 247,891	\$ 399,776	\$ 400,658	\$ 384,529
1,350,010	1,287,238	1,401,166	1,437,200	1,325,800	1,248,800
\$ 85,786	\$ 85,601	\$ 93,178	\$ 99,569	\$ 89,004	\$ 83,835
1,370,000	1,423,200	1,391,200	1,535,800	1,212,440	1,475,640
\$ 91,105	\$ 94,643	\$ 92,515	\$ 93,366	\$ 76,158	\$ 92,691

**City of Fairmont, Minnesota
Public Utilities Commission
Raw Water Finished and Sold
Last Ten Fiscal Years**

Table 26

	<u>Volume in Gallons</u>	<u>Percent of Total Pumped</u>	<u>Total Revenue</u>	<u>Revenue per 1,000 Gallons</u>	<u>Number of Water Meters</u>
<u>2021</u>					
Net Raw Water	474,286,431	100.0 %			
Used in Production	<u>23,223,892</u>	<u>5.0</u>			
Net Finished Water	451,062,539	95.0			
Loss in Distribution System (including hydrant)	<u>82,604,374</u>	<u>17.8</u>			
Total Sales	<u>368,458,165</u>	<u>77.2</u>	\$ 3,976,735	\$ 10.214000	4,501
<u>2020</u>					
Net Raw Water	465,095,871	100.0			
Used in Production	<u>22,623,364</u>	<u>4.9</u>			
Net Finished Water	442,472,507	95.1			
Loss in Distribution System (including hydrant)	<u>94,439,790</u>	<u>20.3</u>			
Total Sales	<u>348,032,717</u>	<u>74.8</u>	3,428,772	9.851866	4,449
<u>2019</u>					
Net Raw Water	440,623,633	100.0			
Used in Production	<u>22,290,892</u>	<u>5.1</u>			
Net Finished Water	418,332,741	94.9			
Loss in Distribution System (including hydrant)	<u>72,701,553</u>	<u>16.5</u>			
Total Sales	<u>345,631,188</u>	<u>78.4</u>	3,161,600	9.147323	4,433
<u>2018</u>					
Net Raw Water	449,645,802	100.0			
Used in Production	<u>21,425,416</u>	<u>4.8</u>			
Net Finished Water	428,220,386	95.2			
Loss in Distribution System (including hydrant)	<u>68,364,481</u>	<u>15.2</u>			
Total Sales	<u>359,855,905</u>	<u>80.0</u>	3,142,423	8.732448	4,433
<u>2017</u>					
Net Raw Water	437,145,408	100.0			
Used in Production	<u>19,805,380</u>	<u>4.5</u>			
Net Finished Water	417,340,028	95.5			
Loss in Distribution System (including hydrant)	<u>45,650,046</u>	<u>10.4</u>			
Total Sales	<u>371,689,982</u>	<u>85.1</u>	3,090,598	8.314989	4,426
<u>2016</u>					
Net Raw Water	454,363,595	100.0			
Used in Production	<u>18,179,916</u>	<u>4.0</u>			
Net Finished Water	436,183,679	96.0			
Loss in Distribution System (including hydrant)	<u>60,468,422</u>	<u>13.3</u>			
Total Sales	<u>375,715,257</u>	<u>82.7</u>	3,121,434	8.307978	4,382

**City of Fairmont, Minnesota
Public Utilities Commission
Raw Water Finished and Sold (Continued)
Last Ten Fiscal Years**

Table 26 (Continued)

	<u>Volume in Gallons</u>	<u>Percent of Total Pumped</u>	<u>Total Revenue</u>	<u>Revenue per 1,000 Gallons</u>	<u>Number of Water Meters</u>
<u>2015</u>					
Net Raw Water	442,895,764	100.0 %			
Used in Production	<u>8,100,838</u>	<u>1.8</u>			
Net Finished Water	434,794,926	98.2			
Loss in Distribution System (including hydrant)	<u>67,667,767</u>	<u>15.3</u>			
Total Sales	<u>367,127,159</u>	<u>82.9</u>	\$ 2,942,896	\$ 8.016013	4,423
<u>2014</u>					
Net Raw Water	430,038,323	100.0			
Used in Production	<u>9,156,992</u>	<u>2.1</u>			
Net Finished Water	420,881,331	97.9			
Loss in Distribution System (including hydrant)	<u>66,588,469</u>	<u>15.5</u>			
Total Sales	<u>354,292,862</u>	<u>82.4</u>	2,893,977	8.168319	4,410
<u>2013</u>					
Net Raw Water	526,958,224	100.0			
Used in Production	<u>58,852,312</u>	<u>11.2</u>			
Net Finished Water	468,105,912	88.8			
Loss in Distribution System (including hydrant)	<u>53,985,299</u>	<u>10.2</u>			
Total Sales	<u>414,120,613</u>	<u>78.6</u>	2,995,348	7.233033	4,426
<u>2012</u>					
Net Raw Water	485,011,000	100.0			
Used in Production	<u>20,658,344</u>	<u>4.3</u>			
Net Finished Water	464,352,656	95.7			
Loss in Distribution System (including hydrant)	<u>34,019,079</u>	<u>7.0</u>			
Total Sales	<u>430,333,577</u>	<u>88.7</u>	2,699,242	6.272441	4,429

**City of Fairmont, Minnesota
Public Utilities Commission
Cost Per Thousand Gallons of Finished Water
Last Ten Fiscal Years**

Table 27

Year	Filtration Cost Per M Gallons	Distribution Cost Per M Gallons	Administrative Cost Per M Gallons	Depreciation Cost Per M Gallons	Total Operating Expenses Per M Gallons	Water Finished Billed	Cost Per M Gallons Billed
2021	\$ 2,923,257 6.4808	\$ 735,469 1.6305	\$ 184,501 0.4090	\$ 971,831 2.1545	\$ 3,163,819 10.6749	451,062,539 368,458,165	\$ 8.5866
2020	1,090,886 2.4654	652,320 1.4743	456,204 1.0310	964,409 2.1796	3,163,819 7.1503	442,472,507 348,032,747	9.0906
2019	1,190,152 2.8450	560,545 1.3400	349,964 0.8366	932,529 2.2292	3,033,190 7.2507	418,332,741 345,631,188	8.7758
2018	1,192,070 2.7838	548,746 1.2815	372,594 0.8701	932,529 2.1777	3,045,939 7.1130	428,220,386 359,855,905	8.4643
2017	1,338,340 3.2068	296,577 0.7106	397,170 0.9517	926,629 2.2203	2,958,716 7.0895	417,340,028 371,689,982	7.9602
2016	1,339,214 3.0703	301,137 0.6904	409,857 0.9396	925,498 2.1218	2,975,706 6.8221	436,183,679 375,715,257	7.9201
2015	1,028,792 2.3662	439,942 1.0118	298,889 0.6874	930,611 2.1403	2,698,234 6.2058	434,794,926 367,127,159	7.3496
2014	986,423 2.3437	420,787 0.9998	316,647 0.7523	163,075 0.3875	1,886,932 4.4833	420,881,331 354,292,862	5.3259
2013	950,375 2.0303	466,580 0.9967	233,307 0.4984	203,313 0.4343	1,853,575 3.9597	468,105,912 414,120,613	4.4759
2012	957,550 2.0621	449,489 0.9680	155,395 0.3346	201,195 0.4333	1,763,629 3.7980	464,352,656 430,333,577	4.0983

**City of Fairmont, Minnesota
Public Utilities Commission
Wastewater Inflow and Cost Per Thousand Gallons Treated
Last Ten Fiscal Years**

Table 28

Year	Total M Gallons to Treatment Facility	Treatment Cost Per M Gallons	Collection Cost Per M Gallons	Administrative Cost Per M Gallons	Depreciation Cost Per M Gallons	Total Cost Per M Gallons	Daily Flow Gallons Minimum/ Maximum
2021	453,720	\$ 933,033 2.0564	\$ 410,550 0.9049	\$ 122,426 0.2698	\$ 638,749 1.4078	\$ 2,104,758 4.6389	1,090,000 11,250,000
2020	558,330	753,613 1.3498	317,671 0.5690	293,226 0.5252	627,055 1.1231	1,991,565 3.5671	1,090,000 11,250,000
2019	758,520	772,346 1.0182	308,481 0.4067	262,599 0.3462	615,046 0.8109	1,958,472 2.5820	1,090,000 11,250,000
2018	778,920	586,482 0.7529	270,740 0.3476	239,901 0.3080	613,724 0.7879	1,710,847 2.1964	871,000 3,840,000
2017	586,820	615,313 1.0486	296,213 0.5048	226,687 0.3863	615,145 1.0483	1,753,358 2.9880	871,000 3,840,000
2016	673,240	491,159 0.7295	296,240 0.4400	219,344 0.3258	610,867 0.9074	1,617,610 2.4027	1,230,000 6,150,000
2015	490,670	589,736 1.2019	294,909 0.6010	204,631 0.4170	602,976 1.2289	1,692,252 3.4488	945,000 4,600,000
2014	475,036	532,665 1.1213	287,866 0.6060	235,712 0.4962	603,592 1.2706	1,659,835 3.4941	904,000 6,580,000
2013	468,170	633,326 1.3528	303,052 0.6473	205,663 0.4393	638,193 1.3632	1,780,234 3.8026	890,000 3,200,000
2012	404,830	623,509 1.5402	279,944 0.6915	151,457 0.3741	630,541 1.5575	1,685,451 4.1633	840,000 3,010,000