

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

For the Fiscal Year Ended December 31, 2022

Prepared by the City's Finance Department

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INTRODUCTORY SECTION

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June 2, 2023

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, 2022.

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

Paul Hoyer
Finance Director

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June 2, 2023

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

Honorable Mayor and City Council and Citizens:

Submitted herewith is the Comprehensive Annual Financial Report of the City of Fairmont, Minnesota (the City), for the fiscal year ended December 31, 2022. 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 to 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 strong with taxable market values increasing 17.6% in 2022. The health care industry in Fairmont is providing significant support for our economy. Mayo Health System, the Center for Specialty Care, Dulcimer Medical Center, and United Hospital District are all offering quality care to Fairmont residents and our entire region.
- 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 –

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 of Fairmont and Fairmont Economic Development Authority continue to work with the Southwest MN Housing Partnership (SWMHP) to develop new housing in the form of four twin homes to be built on the remaining eight lots of the White Tail Ridge development. This housing development should offer new housing for a variety of housing buyers as well as opening up other housing inventory, which is an important need in our Fairmont community. The city, FEDA and the HRA are all working to push forward and support housing development of all kinds.

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.

In 2022 the Fairmont Fire Department ordered a \$630,000 Class A Custom Pumper fire engine for the City for delivery in 2023 to replace a 1989 Class A Pumper. Work continued on our \$125,000 dive boat which was ordered in 2021. It has been delayed due to supply chain issues with projected delivery in 2023.

**MAJOR INITIATIVES
(CONTINUED)**

The Fairmont Economic Development Authority budgeted for and is working towards a purchase of 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 purchase of this land will offer a significant opportunity for attracting new businesses, jobs, and tax base revenue.

The City constructed 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 City completed 7700 feet of sanitary sewer lining, helping to maintain the critical sewer infrastructure and to help eliminate inflow and infiltration (I&I) with the City's sewer system. By reducing I&I the City can prevent additional wastewater treatment costs.

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 plans to update Gomsrud Park, and implementing an automated metering infrastructure improvement (AMI) project. In 2022, the City of Fairmont started the AMI (Advanced Metering Infrastructure) project. This system replaces a now obsolete meter reading process that the City had used for the past 15 years. In addition, many of the existing meters are in need of replacement as they have exceeded their life expectancy. In October of 2022, the city utility started working with vendors to install new electric meters. The City will continue to replace the electric and water meters for all utility customers in the City of Fairmont service areas in 2023. This new AMI system will allow for improved monitoring of the City's electric and water distribution network.

The city completed 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. These projects will rebuild our aging infrastructure in our substations as well as add a new substation on the West end of town to accommodate load deficiencies and growth, includes three new transformers and replaces outdated 69kv breakers and protective relays in our 10th Street substation.

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.

A feasibility study on the existing Fire Station will take place in 2023. With equipment getting bigger and with the addition of the new dive boat, the Fire Station is running out of space to store all their vehicles and equipment.

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, 2022 the General fund balance was 84.2 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.

Honorable Mayor and City Council
June 2, 2023

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, 2021. 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 (31) consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

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,



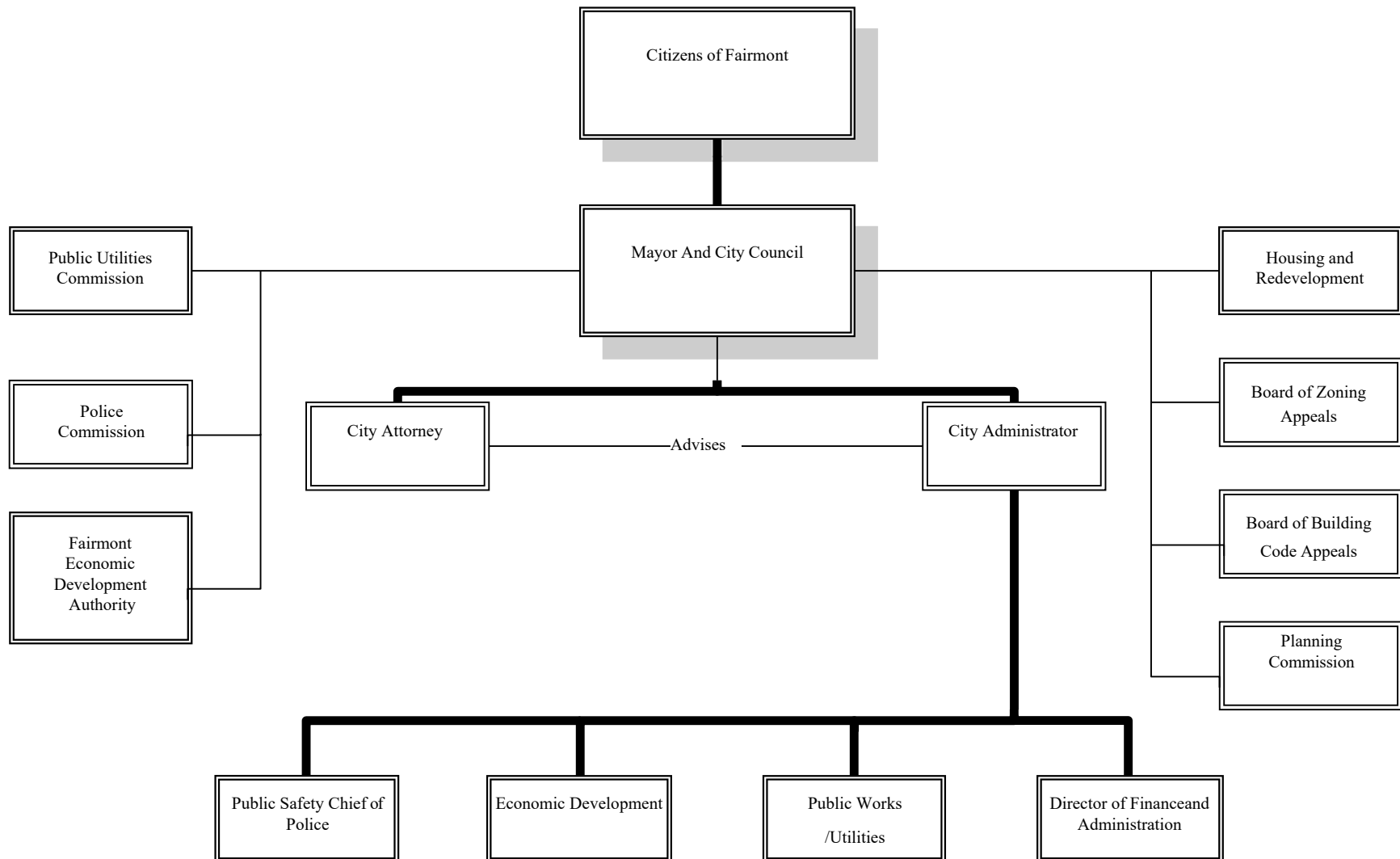
City of Fairmont
Paul Hoyer
Finance Director

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**City of Fairmont
Elected Officials and Administration
December 31, 2022**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
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
<u>Administration</u>		
Cathy Reynolds	City Administrator	
Paul Hoyer	Finance Director	
Patty Monsen	City Clerk	
Vacant	Director of Public Works and Public Utilities	
Mark Rahrick	City Attorney	
Michael N. Hunter	Chief of Police	

City of Fairmont
City and Department Organizational Chart
December 31, 2022



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, 2021

Christopher P. Morrell

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, 2022, 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, 2022, 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.

Emphasis of Matter – Implementation of GASB 87

The City has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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.

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City 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 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 fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

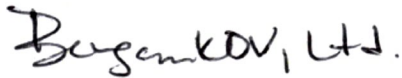
Other Information

Management is responsible for the other information included in the Annual 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 June 2, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



St. Cloud, Minnesota
June 2, 2023

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, 2022. 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 \$133,765,594 (*net position*). Of this amount, \$21,606,245 (*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 \$3,052,961, compared to an increase of \$6,846,513, in the previous year. The increase in net position is attributed to continued strong performance of the City's enterprise funds, specifically the Water, Wastewater, and Municipal Liquor funds.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23,280,547, an increase of \$385,292 in comparison with the prior year. Unassigned fund balance at year end is \$1,075,282. The remainder of fund balance is not available for new spending because it is either 1) restricted (\$9,665,146), 2) committed (\$6,550,216), 3) assigned (\$5,986,503) or 4) non-spendable (\$3,400) for the purposes described in Note 10 in the notes to the financial statements.

Overview of the Financial Statements

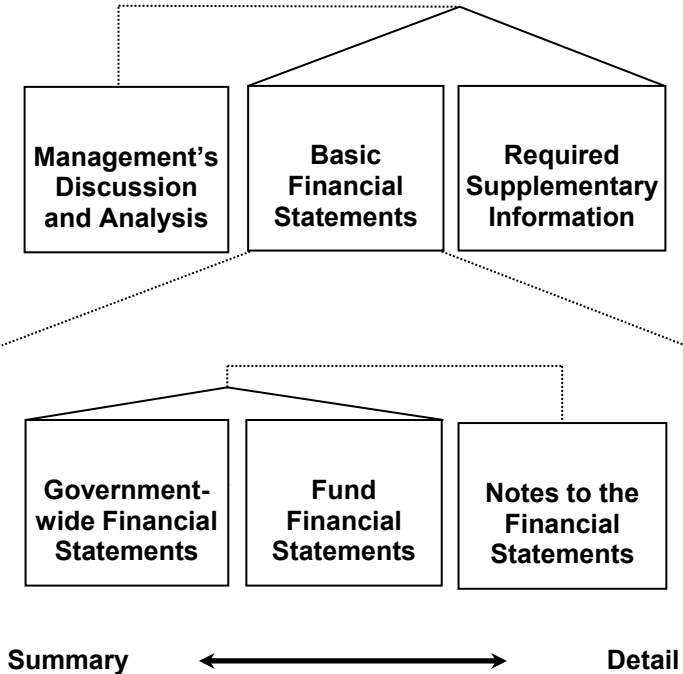
This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report 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, and Street Improvement Capital Reserve 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 106 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 120 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 \$133,765,594 at the close of the most recent fiscal year. By far, the largest portion of the City's net position (74.9%) 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		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Assets						
Current and other assets	\$ 29,823,802	\$ 30,779,242	\$ (955,440)	\$ 19,703,010	\$ 20,379,569	\$ (676,559)
Capital assets	73,276,499	72,947,130	329,369	66,821,937	65,590,332	1,231,605
Total assets	<u>103,100,301</u>	<u>103,726,372</u>	<u>(626,071)</u>	<u>86,524,947</u>	<u>85,969,901</u>	<u>555,046</u>
Deferred outflows of resources	<u>5,320,543</u>	<u>3,024,010</u>	<u>2,296,533</u>	<u>972,584</u>	<u>1,269,564</u>	<u>(296,980)</u>
Liabilities						
Long-term liabilities						
outstanding	26,040,520	21,376,892	4,663,628	25,779,140	25,484,333	294,807
Current liabilities	4,007,821	4,635,915	(628,094)	4,135,203	4,421,458	(286,255)
Total liabilities	<u>30,048,341</u>	<u>26,012,807</u>	<u>4,035,534</u>	<u>29,914,343</u>	<u>29,905,791</u>	<u>8,552</u>
Deferred inflows of resources	<u>1,527,861</u>	<u>5,731,765</u>	<u>(4,203,904)</u>	<u>662,236</u>	<u>1,626,851</u>	<u>(964,615)</u>
Net Position						
Net investment in						
capital assets	54,981,501	52,991,433	1,990,068	45,157,937	40,693,595	4,464,342
Restricted	12,019,911	10,520,920	1,498,991	-	-	-
Unrestricted	<u>9,843,230</u>	<u>11,493,457</u>	<u>(1,650,227)</u>	<u>11,763,015</u>	<u>15,013,228</u>	<u>(3,250,213)</u>
Total net position	<u>\$ 76,844,642</u>	<u>\$ 75,005,810</u>	<u>\$ 1,838,832</u>	<u>\$ 56,920,952</u>	<u>\$ 55,706,823</u>	<u>\$ 1,214,129</u>

An additional portion of the City's net position (8.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (16.2%) 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 \$1,838,832. The primary reasons for the increase in net position were a result of payments made on outstanding debt without issuing any additional debt.

City of Fairmont Management's Discussion and Analysis

Government-wide Financial Analysis (Continued)

City of Fairmont's Changes in Net Position

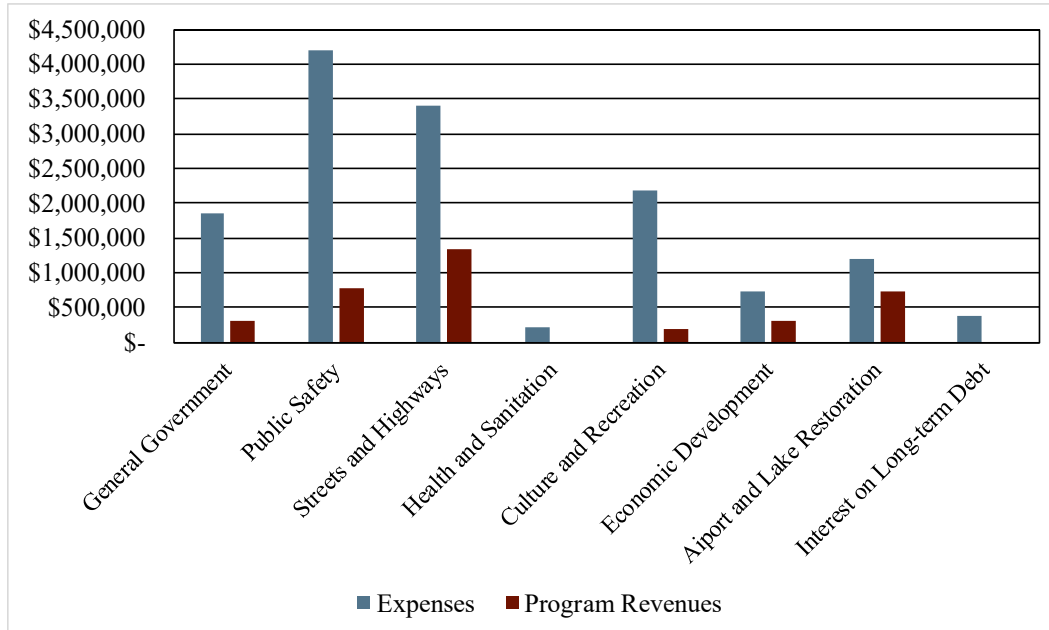
	Governmental Activities			Business-Type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 1,650,451	\$ 1,488,080	\$ 162,371	\$ 28,770,108	\$ 27,822,973	\$ 947,135
Operating grants and contributions	859,007	1,094,279	(235,272)	327,931	545,695	(217,764)
Capital grants and contributions	1,147,166	3,180,559	(2,033,393)	293,752	300,252	(6,500)
General revenues						-
Property taxes/tax increments	6,029,789	5,738,759	291,030	-	-	-
Other taxes	1,649,084	1,540,506	108,578	-	-	-
Grants and contributions not restricted to specific programs	4,015,623	3,695,477	320,146	-	-	-
Unrestricted investment earnings	(599,784)	(49,007)	(550,777)	(551,087)	(37,154)	(513,933)
Other	45,000	90,864	(45,864)	-	-	-
Total revenues	<u>14,796,336</u>	<u>16,779,517</u>	<u>(1,983,181)</u>	<u>28,840,704</u>	<u>28,631,766</u>	<u>208,938</u>
Expenses						-
General government	1,864,469	1,615,297	249,172	-	-	-
Public safety	4,205,479	3,585,369	620,110	-	-	-
Streets and highways	3,393,005	3,293,994	99,011	-	-	-
Sanitation and waste removal	225,095	204,292	20,803	-	-	-
Culture and recreation	2,174,763	2,034,107	140,656	-	-	-
Housing development	-	-	-	-	-	-
Economic development	735,369	517,771	217,598	-	-	-
Miscellaneous	1,203,271	1,098,169	105,102	-	-	-
Interest on long-term debt	370,984	555,988	(185,004)	-	-	-
Electric	-	-	-	14,671,339	14,175,739	495,600
Water	-	-	-	4,496,190	5,024,462	(528,272)
Wastewater	-	-	-	2,770,476	2,126,433	644,043
Storm sewer	-	-	-	569,226	534,306	34,920
Liquor	-	-	-	3,899,070	3,790,799	108,271
Parking lot	-	-	-	5,343	8,044	(2,701)
Total expenses	<u>14,172,435</u>	<u>12,904,987</u>	<u>1,267,448</u>	<u>26,411,644</u>	<u>25,659,783</u>	<u>751,861</u>
Change in net position before transfers	623,901	3,874,530	(3,250,629)	2,429,060	2,971,983	(542,923)
Transfers	1,214,931	562,382	652,549	(1,214,931)	(562,382)	(652,549)
Change in Net Position	1,838,832	4,436,912	(2,598,080)	1,214,129	2,409,601	(1,195,472)
Net position - January 1	<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>
Net position - December 31	<u>\$ 76,844,642</u>	<u>\$ 75,005,810</u>	<u>\$ 1,838,832</u>	<u>\$ 56,920,952</u>	<u>\$ 55,706,823</u>	<u>1,214,129</u>

Capital grant revenues decreased due to a large amount of municipal street aid in 2021. Unrestricted investment earning decreased due to worsening market conditions. Public safety expenses increased due to increased pension expense. The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.

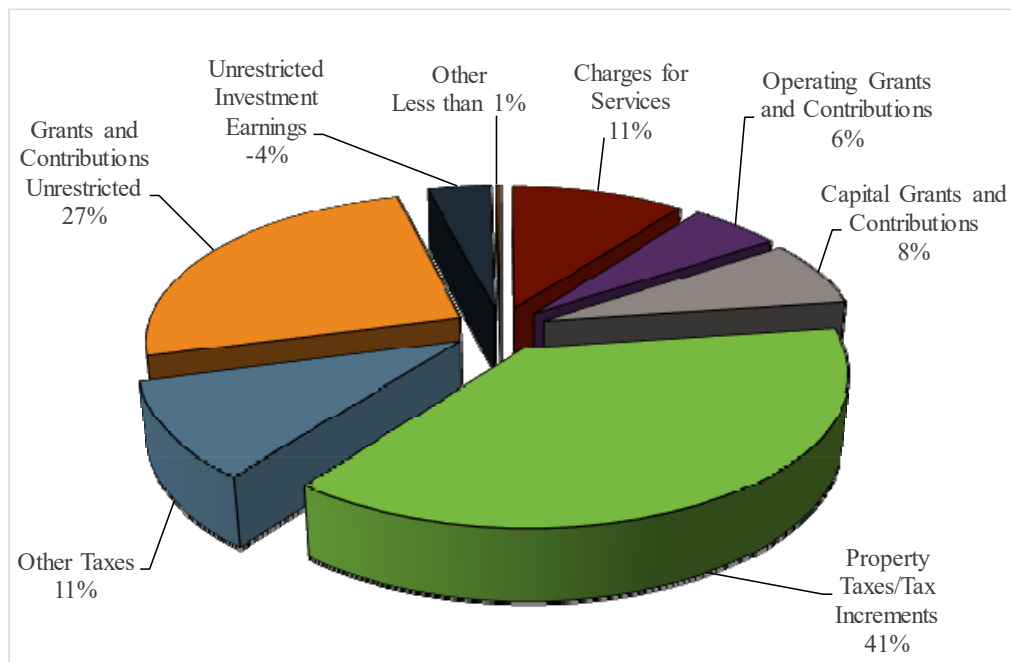
City of Fairmont Management's Discussion and Analysis

Government-wide Financial Analysis (Continued)

Expenses and Program Revenues - Governmental Activities



Revenues by Source



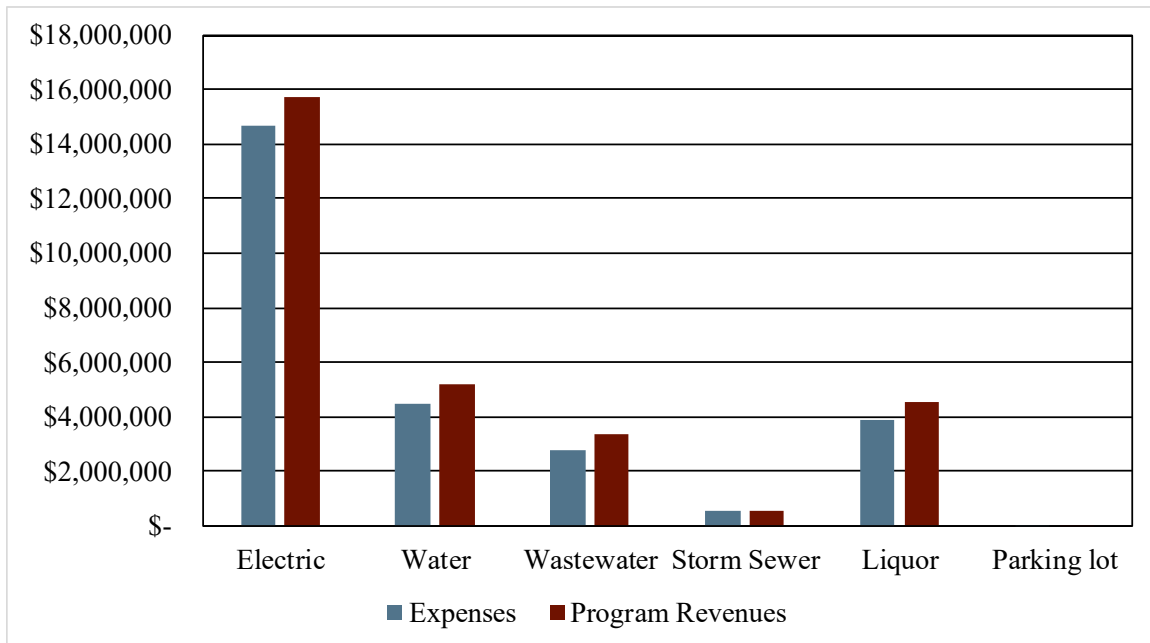
City of Fairmont Management's Discussion and Analysis

Government-wide Financial Analysis (Continued)

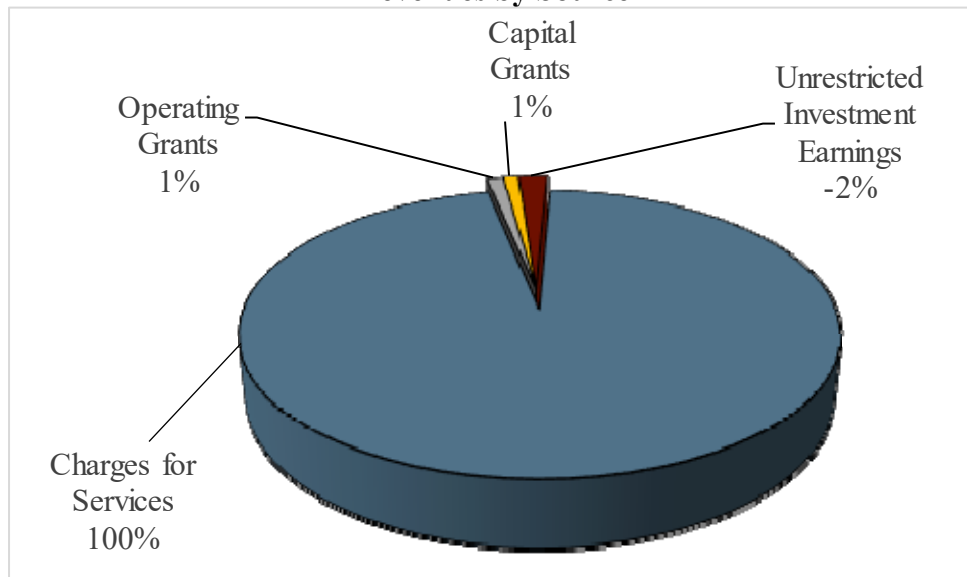
Business-type Activities. Business-type activities increased the City's net position by \$1,214,129. Key elements of this increase are as follows:

- PUC (electric, wastewater and water) operating income of \$2,577,147, with a total change in net position of \$1,041,474.

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 \$7,466,493. 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 \$1,254,173, or 14.1% of total General fund expenditures, while total fund balance represents 84.2% of General fund expenditures.

The fund balance of the City's General fund increased by \$443,534 during the current fiscal year. Contributing factors to the increase are actual expenditures coming in \$338,017 under budget, with the majority of this coming from Public Safety related to lower than expected personnel costs.

The Debt Service fund has a total fund balance of \$2,626,754, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the Debt Service fund was \$351,140. The major reason for the increase was tax revenue, special assessments and transfers into the fund exceeded scheduled debt service payments.

The Public Works Building fund has a total fund balance of \$168,673, which is a decrease of \$2,689,701 from the prior year. This decrease is the result of construction activity.

The Capital Reserve fund has a total fund balance of \$1,127,747, which is an increase of \$740,477 from the prior year. This increase is the result of timing of capital projects and equipment purchases.

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 \$11,366,501 of which \$(702,262) was for the Water Utility fund, \$1,211,291 was for the Wastewater Utility fund, \$8,237,587 was for the Electric Utility fund, \$415,335 was for the Storm Sewer fund, the Municipal Liquor fund amounted to \$2,198,645 and \$5,905 for parking. The total increase in net position for the enterprise funds was \$1,219,196. 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 \$5,328 and actual expenditures were under budget by \$338,017 in 2022. The primary reasons for the variances are as follows:

- General Government, Public Safety, Public Works and Culture and Recreation expenditures were all under budget due to conservative budgeting.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2022 amounts to \$140,098,436 (net of accumulated depreciation/amortization). 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 the Fairlakes Avenue construction
- Continued construction on the Biosolids expansion.
- Continued construction on the new Public Works Facility.

Additional information on the City's capital assets can be found in Note 5 starting on page 72 of this report.

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

	Governmental Activities			Business-Type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Land	\$ 3,949,478	\$ 3,949,478	\$ -	\$ 1,718,715	\$ 1,718,715	\$ -
Buildings and structures	5,450,651	5,676,825	(226,174)	31,863,572	32,408,529	(544,957)
Improvement other than buildings	11,966,276	10,358,402	1,607,874	25,148,901	24,273,953	874,948
Machinery and equipment	1,737,340	1,677,252	60,088	4,013,291	4,142,073	(128,782)
Right-of-use-asset	15,175	-	15,175	-	-	-
Vehicles	681,830	651,965	29,865	-	-	-
Infrastructure	38,895,462	33,493,605	5,401,857	-	-	-
Construction in progress	10,580,287	17,139,603	(6,559,316)	4,077,458	3,047,062	1,030,396
Total	\$ 73,276,499	\$ 72,947,130	\$ 329,369	\$ 66,821,937	\$ 65,590,332	\$ 1,231,605

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 \$41,710,407. Of this amount, \$17,855,000 is special assessment debt and \$23,855,407 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		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
G.O. Improvement Bonds	\$ 17,855,000	\$ 19,500,000	\$ (1,645,000)		\$ -	\$ -
G.O. Revenue Bonds		-	-	23,855,407	24,896,737	(1,041,330)
Total	<u>\$ 17,855,000</u>	<u>\$ 19,500,000</u>	<u>\$ (1,645,000)</u>	<u>\$ 23,855,407</u>	<u>\$ 24,896,737</u>	<u>\$ (1,041,330)</u>

The City's total debt decreased by \$2,686,330 during the current fiscal year, with scheduled debt service payments being made.

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% 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 \$27,609,220. The City currently has \$6,735,000 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 76 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Martin County in December 2021 was 3.0 percent, which is an increase from 2.5 percent a year ago. This rate is lower than both the State average of 3.2 percent and the national average rate of 3.3 percent.
- The City continued to see strong residential home sales and experienced a significant increase in its taxable market values. Residential values increased 24.6 percent, commercial values increased 2.1 percent and agricultural values increased 10.1 percent. The total taxable market value increased \$137,956,930 or 17.6%.

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 2023 by 8.4 percent. The tax increase will provide an additional \$502,273 per year. This will fund the cost of wage and benefit increases along with an additional full-time position in the Community Development department. This will also fund an update to the City's zoning code and additional software that will help with operational efficiencies.
- In 2022 we updated our water and wastewater rate study from 2020 with 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 2023 the study recommended a 13.6% blended increase to our residential water rates and a 13% blended increase to our commercial and industrial water rates. For our wastewater rates, it recommended a blended 4.6% increase to the residential rates and 4.2% blended increase to our commercial rates. SMMPA Board approved a rate increase of 15.6% to the on-peak energy and off-peak energy rates effective November 1, 2022. In addition, they voted to replace the Base Rate Cost Adjustment with a new Energy Cost Adjustment effective February 1, 2023. The Public Utility Commission approved increasing our ECA to .013685 per kWh starting January 1, 2023 to offset this rate increase.

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, 2022

	Governmental Activities	Business-type Activities	Total	Economic Development Authority
Assets				
Cash and investments (including cash equivalents)	\$ 21,641,314	\$ 14,728,195	\$ 36,369,509	\$ 564,304
Receivables				
Accounts receivable	180,912	3,357,886	3,538,798	-
Interest receivable	96,359	-	96,359	-
Taxes receivable	245,424	-	245,424	4,411
Special assessments receivable	2,240,642	4,257	2,244,899	-
Lease receivable	342,273	547,968	890,241	-
Notes receivable	1,377,632	-	1,377,632	-
Due from other governments	3,519,307	505	3,519,812	53,213
Internal balances	(1,423)	1,423	-	-
Inventories	-	1,061,426	1,061,426	-
Prepaid items	3,400	1,350	4,750	-
Assets held for resale	80,000	-	80,000	-
Net pension asset	97,962	-	97,962	-
Capital assets not being depreciated				
Land	3,949,478	1,718,715	5,668,193	-
Construction in progress	10,580,287	4,077,458	14,657,745	-
Capital assets net of accumulated depreciation/amortization				
Vehicles	681,830	-	681,830	-
Buildings and structures	5,450,651	31,863,572	37,314,223	-
Machinery and equipment	1,737,340	4,013,291	5,750,631	-
Right-of-use-asset	15,175	-	15,175	-
Improvements other than buildings	11,966,276	25,148,901	37,115,177	-
Infrastructure	38,895,462	-	38,895,462	-
Total assets	\$ 103,100,301	\$ 86,524,947	\$ 189,625,248	\$ 621,928
Deferred Outflows of Resources				
Deferred outflows of resources related to fire relief pensions	302,361	-	302,361	-
Deferred outflows of resources related to City pensions	4,940,717	913,903	5,854,620	12,029
Deferred outflows of resources related to OPEB	77,465	58,681	136,146	960
Total deferred outflows of resources	5,320,543	972,584	6,293,127	12,989
Total assets and deferred outflows of resources	\$ 108,420,844	\$ 87,497,531	\$ 195,918,375	\$ 634,917
Liabilities				
Accounts and contracts payable	\$ 561,183	\$ 1,692,669	\$ 2,253,852	\$ 4,020
Interest payable	147,426	180,230	327,656	-
Salaries and benefits payable	239,704	171,865	411,569	5,106
Due to other governments	318,944	-	318,944	266
Deposits payable	-	139,009	139,009	-
Unearned revenue	1,060,568	8,204	1,068,772	-
Bonds payable, net				
Payable within one year	1,520,000	-	1,520,000	-
Payable after one year	16,759,697	-	16,759,697	-
Notes payable				
Payable within one year	-	1,791,000	1,791,000	-
Payable after one year	-	22,064,407	22,064,407	-
Lease payable				
Payable within one year	10,150	-	10,150	-
Payable after one year	5,151	-	5,151	-
Compensated absences payable				
Payable within one year	149,846	152,226	302,072	819
Payable after one year	460,325	234,349	694,674	4,197
Payable after one year				
Net pension liability	8,394,412	3,161,517	11,555,929	41,612
Total other post employment benefits (OPEB) liability	420,935	318,867	739,802	5,215
Total liabilities	30,048,341	29,914,343	59,962,684	61,235
Deferred Inflows of Resources				
Deferred inflows of resources related to fire relief pensions	123,550	-	123,550	-
Deferred inflows of resources related to leases	342,273	547,968	890,241	-
Deferred inflows of resources related to City pensions	199,267	97,266	296,533	1,280
Advanced appropriations - state shared tax	840,327	-	840,327	-
Deferred inflows of resources related to OPEB	22,444	17,002	39,446	278
Total deferred inflows of resources	1,527,861	662,236	2,190,097	1,558
Net Position				
Net investment in capital assets	54,981,501	45,157,937	100,139,438	-
Restricted for				
Debt service	4,704,746	-	4,704,746	-
Fire relief pension	276,773	-	276,773	-
Capital projects	4,419,046	-	4,419,046	-
Housing and economic development	2,619,346	-	2,619,346	-
Unrestricted	9,843,230	11,763,015	21,606,245	572,124
Total net position	76,844,642	56,920,952	133,765,594	572,124
Total liabilities, deferred inflows of resources, and net position	\$ 108,420,844	\$ 87,497,531	\$ 195,918,375	\$ 634,917

See notes to basic financial statements.

City of Farimont
Statement of Activities
Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 1,864,469	\$ 219,054	\$ 82,103	\$ -
Public safety	4,205,479	334,418	451,242	-
Public works	3,393,005	235,544	-	1,103,990
Health and sanitation	225,095	-	-	-
Culture and recreation	2,174,763	187,225	700	-
Economic development	735,369	63,391	253,022	-
Airport and lake restoration	1,203,271	610,819	71,940	43,176
Interest and fiscal charges	370,984	-	-	-
Total governmental activities	<u>14,172,435</u>	<u>1,650,451</u>	<u>859,007</u>	<u>1,147,166</u>
Business-type activities				
Water	4,496,190	5,187,509	2,436	20,906
Sewer	2,770,476	3,074,724	-	272,846
Storm	569,226	589,586	-	-
Electric	14,671,339	15,368,438	325,495	-
Liquor	3,899,070	4,541,326	-	-
Parking Lot	5,343	8,525	-	-
Total business-type activities	<u>26,411,644</u>	<u>28,770,108</u>	<u>327,931</u>	<u>293,752</u>
Total governmental and business-type activities	<u>\$ 40,584,079</u>	<u>\$ 30,420,559</u>	<u>\$ 1,186,938</u>	<u>\$ 1,440,918</u>
Component unit				
Fairmont Economic Development Authority	<u>\$ 114,073</u>	<u>\$ 55,621</u>	<u>\$ 145,000</u>	<u>\$ -</u>
Total component units	<u>\$ 114,073</u>	<u>\$ 55,621</u>	<u>\$ 145,000</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				
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
\$ (1,563,312)	\$ -	\$ (1,563,312)	\$ -
(3,419,819)	-	(3,419,819)	-
(2,053,471)	-	(2,053,471)	-
(225,095)	-	(225,095)	-
(1,986,838)	-	(1,986,838)	-
(418,956)	-	(418,956)	-
(477,336)	-	(477,336)	-
(370,984)	-	(370,984)	-
<u>(10,515,811)</u>	<u>-</u>	<u>(10,515,811)</u>	<u>-</u>
-	714,661	714,661	-
-	577,094	577,094	-
-	20,360	20,360	-
-	1,022,594	1,022,594	-
-	642,256	642,256	-
-	3,182	3,182	-
<u>-</u>	<u>2,980,147</u>	<u>2,980,147</u>	<u>-</u>
<u>\$ (10,515,811)</u>	<u>\$ 2,980,147</u>	<u>\$ (7,535,664)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,548</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,548</u>
4,428,005	-	4,428,005	99,437
1,426,306	-	1,426,306	-
307,084	-	307,084	-
170,165	-	170,165	-
1,171,835	-	1,171,835	-
175,478	-	175,478	-
4,015,623	-	4,015,623	-
(599,784)	(551,087)	(1,150,871)	(22,391)
45,000	-	45,000	-
1,214,931	(1,214,931)	-	-
<u>12,354,643</u>	<u>(1,766,018)</u>	<u>10,588,625</u>	<u>77,046</u>
1,838,832	1,214,129	3,052,961	163,594
<u>75,005,810</u>	<u>55,706,823</u>	<u>130,712,633</u>	<u>408,530</u>
<u>\$ 76,844,642</u>	<u>\$ 56,920,952</u>	<u>\$ 133,765,594</u>	<u>\$ 572,124</u>

City of Fairmont
Balance Sheet - Governmental Funds
December 31, 2022

		<u>Debt Service</u>	<u>Capital Projects</u>
	<u>General Fund (101, 706)</u>	<u>Debt Service</u>	<u>Public Works Building (440)</u>
Assets			
Cash and investments	\$ 7,188,401	\$ 1,898,025	\$ 369,101
Interest receivable	96,359	-	-
Due from other governments	1,498,449	728,729	-
Accounts receivable	107,919	-	4,721
Notes receivable	-	-	-
Lease receivable	342,273	-	-
Due from other funds	52,897	-	-
Property taxes receivable	153,986	58,099	-
Special assessments receivable	96	2,167,319	-
Prepaid items	-	-	-
Land held for resale	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 9,440,380</u></u>	<u><u>\$ 4,852,172</u></u>	<u><u>\$ 373,822</u></u>
Liabilities			
Accounts payable	\$ 137,326	\$ -	\$ 205,149
Due to other governments	3,760	-	-
Salaries and benefits payable	213,316	-	-
Due to other funds	62,562	-	-
Unearned revenues	1,060,568	-	-
Total liabilities	<u><u>1,477,532</u></u>	<u><u>-</u></u>	<u><u>205,149</u></u>
Deferred Inflows of Resources			
Unavailable revenue - taxes and assessments	154,082	2,225,418	-
Advanced appropriations - state shared tax	-	-	-
Unavailable revenue - leases	342,273	-	-
Total deferred inflows of resources	<u><u>496,355</u></u>	<u><u>2,225,418</u></u>	<u><u>-</u></u>
Fund Balances			
Nonspendable	-	-	-
Restricted	-	2,626,754	-
Committed	285,017	-	168,673
Assigned	5,927,303	-	-
Unassigned	1,254,173	-	-
Total fund balances	<u><u>7,466,493</u></u>	<u><u>2,626,754</u></u>	<u><u>168,673</u></u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 9,440,380</u></u>	<u><u>\$ 4,852,172</u></u>	<u><u>\$ 373,822</u></u>

<u>Capital Projects</u>		
<u>Capital Reserve (405)</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 575,633	\$ 11,050,545	\$ 21,081,705
-	-	96,359
580,553	711,576	3,519,307
-	68,272	180,912
-	1,377,632	1,377,632
-	-	342,273
-	174,805	227,702
26,447	6,892	245,424
-	73,227	2,240,642
-	3,400	3,400
-	80,000	80,000
<u>\$ 1,182,633</u>	<u>\$ 13,546,349</u>	<u>\$ 29,395,356</u>
\$ 28,439	\$ 186,617	\$ 557,531
-	315,184	318,944
-	5,043	218,359
-	228,179	290,741
-	-	1,060,568
<u>28,439</u>	<u>735,023</u>	<u>2,446,143</u>
26,447	80,119	2,486,066
-	840,327	840,327
-	-	342,273
<u>26,447</u>	<u>920,446</u>	<u>3,668,666</u>
-	3,400	3,400
-	7,038,392	9,665,146
1,127,747	4,968,779	6,550,216
-	59,200	5,986,503
-	(178,891)	1,075,282
<u>1,127,747</u>	<u>11,890,880</u>	<u>23,280,547</u>
<u>\$ 1,182,633</u>	<u>\$ 13,546,349</u>	<u>\$ 29,395,356</u>

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City of Fairmont
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2022

Total fund balances - governmental funds	\$ 23,280,547
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	121,157,597
Less accumulated depreciation/amortization	(47,974,499)
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	(17,855,000)
Unamortized bond premium and discount	(424,697)
Lease payable	(15,301)
Compensated absences payable	(580,130)
Other post employment benefits obligation	(365,914)
Net pension liability	(8,394,412)
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.	
Taxes and special assessments	2,486,066
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	(123,550)
Deferred inflows of resources related to city pensions	(199,267)
Deferred outflows of resources related to fire relief pensions	302,361
Deferred outflows of resources related to city pensions	4,940,717
The Fire Relief Association net pension asset created through contributions to a defined benefit pension plan which is not recognized in the governmental funds.	97,962
Governmental funds do not report a liability for accrued interest due and payable.	(147,426)
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.	659,588
Total net position - governmental activities	<u>\$ 76,844,642</u>

City of Fairmont
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2022

		<u>Debt Service</u>	<u>Capital Projects</u>
	General Fund (101, 706)	Debt Service	Public Works Building (440)
Revenues			
General property taxes	\$ 3,387,719	\$ 1,426,306	\$ -
Tax increment collections	-	-	-
Miscellaneous taxes	40,679	-	-
Licenses and permits	129,810	-	-
Intergovernmental	4,015,946	-	-
Special assessments	4,779	326,046	-
Charges for services	637,925	-	-
Fines and forfeitures	38,112	-	-
Investment income	(35,782)	(67,598)	(21,239)
Miscellaneous			
Contributions and donations	171,721	-	-
Loan interest	-	-	-
Miscellaneous	189,865	-	-
Total revenues	<u>8,580,774</u>	<u>1,684,754</u>	<u>(21,239)</u>
Expenditures			
Current			
General government	1,580,745	-	-
Public safety	3,679,957	-	-
Public works	1,791,890	-	4,177
Health and sanitation	225,095	-	-
Culture and recreation	1,580,036	-	-
Economic development	-	-	-
Airport	-	-	-
Conservation - water resources	-	-	-
Debt service			
Principal	9,990	1,645,000	-
Interest and fiscal charges	372	458,360	-
Capital outlay			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	2,342,309
Culture and recreation	-	-	-
Airport	-	-	-
Total expenditures	<u>8,868,085</u>	<u>2,103,360</u>	<u>2,346,486</u>
Excess of revenues over (under) expenditures	(287,311)	(418,606)	(2,367,725)
Other Financing Sources (Uses)			
Proceeds from sale of capital asset	-	-	-
Transfers in	846,046	769,746	-
Transfers out	(115,201)	-	(321,976)
Total other financing sources (uses)	<u>730,845</u>	<u>769,746</u>	<u>(321,976)</u>
Net change in fund balances	443,534	351,140	(2,689,701)
Fund Balances			
Beginning of year	<u>7,022,959</u>	<u>2,275,614</u>	<u>2,858,374</u>
End of year	<u>\$ 7,466,493</u>	<u>\$ 2,626,754</u>	<u>\$ 168,673</u>

See notes to basic financial statements.

<u>Capital Projects</u>		
<u>Capital Reserve (405)</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 785,502	\$ 171,657	\$ 5,771,184
-	175,478	175,478
-	1,608,405	1,649,084
-	-	129,810
235,502	1,393,109	5,644,557
-	15,721	346,546
-	609,788	1,247,713
-	-	38,112
(17,219)	(436,176)	(578,014)
-	-	171,721
-	15,481	15,481
-	49,741	239,606
<u>1,003,785</u>	<u>3,603,204</u>	<u>14,851,278</u>
-	-	1,580,745
-	-	3,679,957
-	-	1,796,067
-	-	225,095
-	212,599	1,792,635
-	684,975	684,975
-	662,377	662,377
-	27,076	27,076
-	-	1,654,990
-	131	458,863
25,201	-	25,201
135,587	-	135,587
170,412	77,388	2,590,109
356,643	-	356,643
5,597	50,000	55,597
<u>693,440</u>	<u>1,714,546</u>	<u>15,725,917</u>
310,345	1,888,658	(874,639)
-	45,000	45,000
430,132	1,395,832	3,441,756
-	(1,789,648)	(2,226,825)
<u>430,132</u>	<u>(348,816)</u>	<u>1,259,931</u>
740,477	1,539,842	385,292
<u>387,270</u>	<u>10,351,038</u>	<u>22,895,255</u>
<u>\$ 1,127,747</u>	<u>\$ 11,890,880</u>	<u>\$ 23,280,547</u>

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, 2022

Net change in fund balances - governmental funds	\$ 385,292
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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	3,248,461
Depreciation expense	(2,911,949)
Disposal of capital assets	(3,971)
Amortization expense	(10,116)

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	(16,181)
Compensated absences	(53,585)

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	(295,139)
-----------------	-----------

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	1,645,000
Lease Payable	9,990

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.

31,000

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.

56,879

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	(214,622)
-----------------------	-----------

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.

(32,227)

Change in net position - governmental activities	<u><u>\$ 1,838,832</u></u>
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City of Fairmont
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended December 31, 2022

	2022		
	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
Revenues			
General property taxes	\$ 3,452,525	\$ 3,387,719	\$ (64,806)
Lodging taxes	40,000	40,679	679
Special assessments	-	4,779	4,779
Licenses and permits	150,800	129,810	(20,990)
Intergovernmental revenues	4,031,001	4,015,946	(15,055)
Charges for services	614,276	637,925	23,649
Fines and forfeitures	48,500	38,112	(10,388)
Investment income	60,000	(35,782)	(95,782)
Contributions and donations	60,000	171,721	111,721
Other revenues	129,000	189,865	60,865
Total revenues	8,586,102	8,580,774	(5,328)
Expenditures			
General Government	\$ 1,655,186	1,580,745	(74,441)
Public safety	3,890,486	3,679,957	(210,529)
Public works	1,831,348	1,791,890	(39,458)
Health and sanitation	178,871	225,095	46,224
Culture and recreation	1,650,211	1,580,036	(70,175)
Debt Service	-	10,362	10,362
Total expenditures	9,206,102	8,868,085	(338,017)
Excess of revenues over (under) expenditures	(620,000)	(287,311)	332,689
Other Financing Sources (Uses)			
Transfers in	825,000	846,046	21,046
Transfers out	(205,000)	(115,201)	89,799
Total other financing sources (uses)	620,000	730,845	110,845
Net change in fund balances	\$ -	443,534	\$ 443,534
Fund Balances			
Beginning of year		7,022,959	
End of year		\$ 7,466,493	

City of Fairmont
Statement of Net Position - Proprietary Funds
December 31, 2022

	Business-Type Activities - Enterprise Funds		
	Water Utility (601)	Wastewater Utility (602)	Electric Utility (604)
Assets			
Current assets			
Cash and cash equivalents	\$ 1,974,324	\$ 1,457,802	\$ 8,228,503
Due from other funds	-	-	-
Due from other governments	505	-	-
Accounts receivable - net	677,387	447,044	2,109,989
Leases receivable	547,968	-	-
Special assessments receivable	4,257	-	-
Inventories	37,465	-	563,039
Prepaid items	-	-	-
Total current assets	<u>3,241,906</u>	<u>1,904,846</u>	<u>10,901,531</u>
Noncurrent assets			
Capital assets, not being depreciated			
Land and construction in progress	1,680,733	1,275,025	1,670,365
Capital assets, being depreciated			
Buildings	28,556,341	11,371,875	1,302,794
Utility plant in service	14,776,873	10,249,291	14,427,406
Machinery and equipment	680,280	6,999,564	4,297,261
Improvements other than buildings	-	-	-
Total capital assets	<u>45,694,227</u>	<u>29,895,755</u>	<u>21,697,826</u>
Less: accumulated depreciation	<u>(10,801,441)</u>	<u>(14,139,794)</u>	<u>(15,217,319)</u>
Net capital assets	<u>34,892,786</u>	<u>15,755,961</u>	<u>6,480,507</u>
Total noncurrent assets	<u>34,892,786</u>	<u>15,755,961</u>	<u>6,480,507</u>
Total assets	<u>38,134,692</u>	<u>17,660,807</u>	<u>17,382,038</u>
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	264,670	152,505	359,384
Deferred outflows of resources related to OPEB	16,864	9,735	23,308
Total deferred outflows of resources	<u>281,534</u>	<u>162,240</u>	<u>382,692</u>
 Total assets and deferred outflows of resources	<u>\$ 38,416,226</u>	<u>\$ 17,823,047</u>	<u>\$ 17,764,730</u>
Liabilities, Deferred Inflows of liabilities			
Current liabilities			
Accounts payable	\$ 148,273	\$ 126,691	\$ 1,235,441
Due to other funds	12,509	7,878	14,918
Interest payable	170,152	10,078	-
Salaries payable	47,025	25,726	60,201
Compensated absences	33,005	25,437	76,232
Deposits payable	21,837	-	117,172
Unearned revenue	-	-	-
Note from direct borrowing - current portion	996,000	795,000	-
Total current liabilities	<u>1,428,801</u>	<u>990,810</u>	<u>1,503,964</u>
Noncurrent liabilities			
Compensated absences	46,254	85,906	204,009
Note from direct borrowing	22,252,407	1,603,000	-
Total OPEB liability	91,637	52,896	126,653
Net pension liability	915,586	527,569	1,243,239
Less amount due within one year	<u>(1,029,005)</u>	<u>(820,437)</u>	<u>(76,232)</u>
Total noncurrent liabilities	<u>22,276,879</u>	<u>1,448,934</u>	<u>1,497,669</u>
Total liabilities	<u>23,705,680</u>	<u>2,439,744</u>	<u>3,001,633</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	28,168	16,231	38,249
Deferred inflows of resources related to leases	547,968	-	-
Deferred inflows of resources related to OPEB	4,886	2,820	6,754
Total deferred inflows of resources	<u>581,022</u>	<u>19,051</u>	<u>45,003</u>
Net Position			
Net investment in capital assets	14,831,786	14,152,961	6,480,507
Unrestricted	<u>(702,262)</u>	<u>1,211,291</u>	<u>8,237,587</u>
Total net position	<u>14,129,524</u>	<u>15,364,252</u>	<u>14,718,094</u>
 Total liabilities, deferred inflows of resources, and net position	<u>\$ 38,416,226</u>	<u>\$ 17,823,047</u>	<u>\$ 17,764,730</u>

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	
\$ 11,660,629	\$ 528,797	\$ 2,169,571	\$ 6,631	\$ 14,365,628	\$ 922,176
-	-	-	-	-	106,562
505	-	-	-	505	-
3,234,420	58,610	64,856	-	3,357,886	-
547,968	-	-	-	547,968	-
4,257	-	-	-	4,257	-
600,504	-	460,922	-	1,061,426	-
-	-	1,350	-	1,350	-
16,048,283	587,407	2,696,699	6,631	19,339,020	1,028,738
4,626,123	565,062	229,138	375,850	5,796,173	-
41,231,010	-	1,725,625	-	42,956,635	-
39,453,570	-	-	-	39,453,570	-
11,977,105	226,274	36,543	-	12,239,922	351,633
-	11,006,188	19,169	-	11,025,357	-
97,287,808	11,797,524	2,010,475	375,850	111,471,657	351,633
(40,158,554)	(3,881,931)	(609,235)	-	(44,649,720)	(258,232)
57,129,254	7,915,593	1,401,240	375,850	66,821,937	93,401
57,129,254	7,915,593	1,401,240	375,850	66,821,937	93,401
73,177,537	8,503,000	4,097,939	382,481	86,160,957	1,122,139
776,559	47,868	89,476	-	913,903	-
49,907	3,016	5,758	-	58,681	-
826,466	50,884	95,234	-	972,584	-
\$ 74,004,003	\$ 8,553,884	\$ 4,193,173	\$ 382,481	\$ 87,133,541	\$ 1,122,139
1,510,405	\$ -	\$ 181,387	\$ 726	1,692,518	\$ 3,803
35,305	2,484	3,413	-	41,202	2,321
180,230	-	-	-	180,230	-
132,952	7,677	22,709	-	163,338	29,871
134,674	6,857	10,695	-	152,226	8,361
139,009	-	-	-	139,009	-
-	-	8,204	-	8,204	-
1,791,000	-	-	-	1,791,000	-
3,923,575	17,018	226,408	726	4,167,727	44,356
336,169	24,844	25,562	-	386,575	30,041
23,855,407	-	-	-	23,855,407	-
271,186	16,390	31,291	-	318,867	-
2,686,394	165,592	309,531	-	3,161,517	-
(1,925,674)	(6,857)	(10,695)	-	(1,943,226)	(8,361)
25,223,482	199,969	355,689	-	25,779,140	21,680
29,147,057	216,987	582,097	726	29,946,867	66,036
82,648	5,095	9,523	-	97,266	-
547,968	-	-	-	547,968	-
14,460	874	1,668	-	17,002	-
645,076	5,969	11,191	-	662,236	-
35,465,254	7,915,593	1,401,240	375,850	45,157,937	93,401
8,746,616	415,335	2,198,645	5,905	11,366,501	962,702
44,211,870	8,330,928	3,599,885	381,755	56,524,438	1,056,103
\$ 74,004,003	\$ 8,553,884	\$ 4,193,173	\$ 382,481	87,133,541	\$ 1,122,139
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				396,514	
Total business-type activities net position				\$ 56,920,952	

City of Fairmont
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2022

	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	4,747,591	2,167,568	15,132,861	22,048,020
Miscellaneous revenues	439,918	1,159,096	235,577	1,834,591
Total operating revenues	<u>5,187,509</u>	<u>3,326,664</u>	<u>15,368,438</u>	<u>23,882,611</u>
Operating expenses				
Personnel services	1,251,915	764,261	1,769,303	3,785,479
Supplies	366,535	106,663	11,926,158	12,399,356
Professional services	473,173	775,893	256,446	1,505,512
Repairs and maintenance	898,271	417,093	184,396	1,499,760
Depreciation	1,008,609	656,693	450,055	2,115,357
Insurance premiums and claims paid	-	-	-	-
Total operating expenses	<u>3,998,503</u>	<u>2,720,603</u>	<u>14,586,358</u>	<u>21,305,464</u>
Operating income (loss)	1,189,006	606,061	782,080	2,577,147
Nonoperating revenues (expenses)				
Investment income	(87,565)	(52,550)	(298,926)	(439,041)
Intergovernmental	20,906	20,906	-	41,812
Operating grant	2,436	-	325,495	327,931
Payments to Economic Development Authority	(19,283)	(12,362)	(83,355)	(115,000)
Interest expense	(476,661)	(36,333)	-	(512,994)
Total nonoperating revenues (expenses)	<u>(560,167)</u>	<u>(80,339)</u>	<u>(56,786)</u>	<u>(697,292)</u>
Income (loss) before transfers	628,839	525,722	725,294	1,879,855
Transfers out	<u>(138,336)</u>	<u>(88,682)</u>	<u>(611,363)</u>	<u>(838,381)</u>
Change in net position	490,503	437,040	113,931	1,041,474
Net position				
Beginning of year	<u>13,639,021</u>	<u>14,927,212</u>	<u>14,604,163</u>	<u>43,170,396</u>
End of year	<u>\$ 14,129,524</u>	<u>\$ 15,364,252</u>	<u>\$ 14,718,094</u>	<u>\$ 44,211,870</u>

Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Storm Sewer Utility (603)	Municipal Liquor (609)	Nonmajor Parking Lot (611)	Total	
\$ -	\$ 4,539,324	\$ -	\$ 4,539,324	\$ -
-	(3,245,750)	-	(3,245,750)	-
589,586	-	8,525	22,646,131	3,175,878
-	-	-	1,834,591	62,632
<u>589,586</u>	<u>1,293,574</u>	<u>8,525</u>	<u>25,774,296</u>	<u>3,238,510</u>
231,404	434,215	-	4,451,098	206,059
25,394	11,644	641	12,437,035	127,902
-	149,027	4,702	1,659,241	366,071
50,054	12,122	-	1,561,936	-
262,137	46,029	-	2,423,523	18,346
-	-	-	-	2,521,535
<u>568,989</u>	<u>653,037</u>	<u>5,343</u>	<u>22,532,833</u>	<u>3,239,913</u>
20,597	640,537	3,182	3,241,463	(1,403)
(20,594)	(91,201)	(251)	(551,087)	(35,890)
-	-	-	41,812	-
-	2,002	-	329,933	-
-	-	-	(115,000)	-
-	-	-	(512,994)	-
<u>(20,594)</u>	<u>(89,199)</u>	<u>(251)</u>	<u>(807,336)</u>	<u>(35,890)</u>
3	551,338	2,931	2,434,127	(37,293)
-	(376,550)	-	(1,214,931)	-
3	174,788	2,931	1,219,196	(37,293)
<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>\$ 8,330,928</u>	<u>\$ 3,599,885</u>	<u>\$ 381,755</u>	<u>\$ 56,524,438</u>	<u>\$ 1,056,103</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 \$ (5,067)

Change in net position- business-type activities \$ 1,214,129

City of Fairmont
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2022

	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	\$ 4,790,906	\$ 2,268,496	\$ 15,079,466	\$ 22,138,868
Interfund services provided and used	-	-	-	-
Payments to suppliers for goods and services	(1,994,519)	(1,584,585)	(12,294,516)	(15,873,620)
Payments to employees for services	(1,233,710)	(718,349)	(1,637,142)	(3,589,201)
Other operating revenues	439,918	1,159,096	235,577	1,834,591
Net cash flows - operating activities	<u>2,002,595</u>	<u>1,124,658</u>	<u>1,383,385</u>	<u>4,510,638</u>
Cash Flows - Noncapital Financing Activities				
Special assessments	(687)	-	-	(687)
Refunds and reimbursements	2,436	-	325,495	327,931
Intergovernmental receipts	20,906	20,906	-	41,812
Increase (decrease) in due to other funds	(536)	974	(231)	207
Transfer to other funds	(157,619)	(101,044)	(694,718)	(953,381)
Net cash flows - noncapital financing activities	<u>(135,500)</u>	<u>(79,164)</u>	<u>(369,454)</u>	<u>(584,118)</u>
Cash Flows - Capital and Related Financing Activities				
Principal paid on debt	(928,479)	(781,000)	-	(1,709,479)
Interest paid on debt	(476,313)	(41,243)	-	(517,556)
Note proceeds	2,264,886	-	-	2,264,886
Acquisition of capital assets	(1,392,982)	(1,798,539)	(463,609)	(3,655,130)
financing activities	<u>(532,888)</u>	<u>(2,620,782)</u>	<u>(463,609)</u>	<u>(3,617,279)</u>
Cash Flows - Investing Activities				
Investment income	(87,565)	(52,550)	(298,926)	(439,041)
Net cash flows - investing activities	<u>(87,565)</u>	<u>(52,550)</u>	<u>(298,926)</u>	<u>(439,041)</u>
Net change in cash and cash equivalents	1,246,642	(1,627,838)	251,396	(129,800)
Cash and Cash Equivalents				
January 1	<u>727,682</u>	<u>3,085,640</u>	<u>7,977,107</u>	<u>11,790,429</u>
December 31	<u>\$ 1,974,324</u>	<u>\$ 1,457,802</u>	<u>\$ 8,228,503</u>	<u>\$ 11,660,629</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities				
Operating income (loss)	\$ 1,189,006	\$ 606,061	\$ 782,080	\$ 2,577,147
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Depreciation	1,008,609	656,693	450,055	2,115,357
Pension expense	26,120	45,403	119,318	190,841
Accounts receivable	(102,811)	(46,382)	(52,383)	(201,576)
Due from other governments	146,805	147,310	-	294,115
Prepaid items	-	-	-	-
Inventories	20,398	-	(127,336)	(106,938)
Accounts payable	(276,938)	(284,936)	199,422	(362,452)
Salaries payable	(5,228)	935	1,141	(3,152)
Due to other governments	-	-	398	398
Deposits	(679)	-	(1,012)	(1,691)
Unearned revenue	-	-	-	-
OPEB obligation	(51)	2,727	13,706	16,382
Compensated absences payable	(2,636)	(3,153)	(2,004)	(7,793)
Total adjustments	<u>813,589</u>	<u>518,597</u>	<u>601,305</u>	<u>1,933,491</u>
Net cash flows - operating activities	<u>\$ 2,002,595</u>	<u>\$ 1,124,658</u>	<u>\$ 1,383,385</u>	<u>\$ 4,510,638</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	
\$ 593,341	\$ 1,282,472	\$ 8,850	\$ 24,023,531	\$ -
-	-	-	-	3,175,878
(75,732)	(202,358)	(8,317)	(16,160,027)	(3,044,563)
(236,821)	(411,191)	-	(4,237,213)	(198,922)
-	-	-	1,834,591	62,632
<u>280,788</u>	<u>668,923</u>	<u>533</u>	<u>5,460,882</u>	<u>(4,975)</u>
-	-	-	(687)	-
-	2,002	-	329,933	-
-	-	-	41,812	-
(366)	(105)	-	(264)	(2,348)
<u>-</u>	<u>(376,550)</u>	<u>-</u>	<u>(1,329,931)</u>	<u>-</u>
<u>(366)</u>	<u>(374,653)</u>	<u>-</u>	<u>(959,137)</u>	<u>(2,348)</u>
-	-	-	(1,709,479)	-
-	-	-	(517,556)	-
-	-	-	2,264,886	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,655,130)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,617,279)</u>	<u>-</u>
<u>(20,594)</u>	<u>(91,201)</u>	<u>(251)</u>	<u>(551,087)</u>	<u>(35,890)</u>
<u>(20,594)</u>	<u>(91,201)</u>	<u>(251)</u>	<u>(551,087)</u>	<u>(35,890)</u>
259,828	203,069	282	333,379	(43,213)
<u>268,969</u>	<u>1,966,502</u>	<u>6,349</u>	<u>14,032,249</u>	<u>965,389</u>
<u>\$ 528,797</u>	<u>\$ 2,169,571</u>	<u>\$ 6,631</u>	<u>\$ 14,365,628</u>	<u>\$ 922,176</u>
\$ 20,597	\$ 640,537	\$ 3,182	\$ 3,241,463	\$ (1,403)
262,137	46,029	-	2,423,523	18,347
5,460	23,412	-	219,713	-
3,755	(11,738)	325	(209,234)	-
-	-	-	294,115	-
-	-	-	-	1,316
-	(28,047)	-	(134,985)	-
(284)	9,879	(2,961)	(355,818)	(30,371)
(538)	5,534	-	1,844	1,364
-	(11,397)	(13)	(11,012)	-
-	-	-	(1,691)	-
-	636	-	636	-
(581)	1,867	-	17,668	-
<u>(9,758)</u>	<u>(7,789)</u>	<u>-</u>	<u>(25,340)</u>	<u>5,772</u>
<u>260,191</u>	<u>28,386</u>	<u>(2,649)</u>	<u>2,219,419</u>	<u>(3,572)</u>
<u>\$ 280,788</u>	<u>\$ 668,923</u>	<u>\$ 533</u>	<u>\$ 5,460,882</u>	<u>\$ (4,975)</u>

City of Fairmont
Statement of Fiduciary Net Position
December 31, 2022

	HEAT Tactical Team
Assets	
Cash and investments	\$ 136,604
Total assets	<u>\$ 136,604</u>
Liabilities	
Accounts payable	<u>\$ 12,606</u>
Total liabilities	<u>\$ 12,606</u>
Net Position	
Restricted for individuals, organizations and other governments	<u>\$ 123,998</u>

City of Fairmont
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2022

	HEAT Tactical Team
Additions	
Contributions	\$ 146,621
Deductions	
Public safety	<u>53,075</u>
Change in net position	93,546
Beginning net position	<u>30,452</u>
Ending net position	<u>\$ 123,998</u>

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.

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.

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.

Proprietary Funds:

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

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.

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)

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 which is a outside organization. The City is the fiscal host.

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.

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.

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, 2022:

- Governmental agency securities of \$18,197,579 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposits of \$10,617,319 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.

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, 2022, 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 three brokers, two local banks, and the 4M Fund. 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.

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 (Continued)

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 2022. 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.

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 cost 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 the lower of cost or market.

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.

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

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

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.

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.

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	\$ 727,505	\$ 517,107	\$ 175,646	\$ 1,420,258

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. Deferred inflows of resources related to lease receivable is reported in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet.

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.

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.

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, Street Improvement Capital Reserve, Fire Truck Replacement, Community Center, and 2022 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, 2022:

Capital Projects	
2021 Capital Improvement Program	\$ 168,891
Tax Increment No. 28	10,000

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

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

City of Fairmont
Notes to Basic Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

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 \$8,636,959, including \$136,604 reported in fiduciary funds. The bank balance was \$8,328,997. The bank balance was covered by federal depository insurance of \$1,000,000. Of the remaining balance, \$7,328,997, 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.

City of Fairmont
Notes to Basic Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

As of December 31, 2022, 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	\$ 115,437	\$ 115,437	\$ -	\$ -	\$ -
Total Pooled Investments		<u>115,437</u>	<u>115,437</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-Pooled Investments						
Government Agency Securities	AA- AAA	18,197,579	4,158,390	14,039,189	-	-
Negotiable CDs	N/A	10,117,319	1,204,036	8,913,283	-	-
Total Non-Pooled Investments		<u>28,314,898</u>	<u>5,362,426</u>	<u>22,952,472</u>	<u>-</u>	<u>-</u>
Total		<u>\$ 28,430,335</u>	<u>\$ 5,477,863</u>	<u>\$ 22,952,472</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, 2022, were as follows:

Deposits (Note 3.A.)	\$ 8,636,959
Investments (Note 3.B.)	28,430,335
Petty cash	<u>3,123</u>
Total deposits and investments	<u>\$ 37,070,417</u>

Deposits and investments are presented in the December 31, 2022, basic financial statements as follows:

Statement of Net Position	
Cash and investments - City	\$ 36,369,509
Cash and investments - EDA	564,304
Statement of Fiduciary Net Position	
Cash and investments	<u>136,604</u>
Total deposits and investments	<u>\$ 37,070,417</u>

City of Fairmont
Notes to Basic Financial Statements

NOTE 4 – NOTES AND LEASES 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, 2022, is \$1,063,276.

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, 2022, are \$287,235 which is forgivable after seven to ten years from the note date.

The City has antenna leases with New Singular Wireless PCS, LLC. Revenue from these leases for the year ended December 31, 2022, was \$30,000. The City has recognized a Lease Receivable and Deferred Inflow of Resources of \$547,968 related to this agreement.

The City leases land through Timothy Maschoff and David Shumski. Revenue from these leases for the year ended December 31, 2022, was \$104,178. The City has recognized a Lease Receivable and Deferred Inflow of Resources of \$342,273 related to this agreement.

City of Fairmont
Notes to Basic Financial Statements

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated/amortized				
Land	\$ 3,949,478	\$ -	\$ -	\$ 3,949,478
Construction in progress	17,139,603	2,697,033	(9,256,349)	10,580,287
Total capital assets not being depreciated/amortized	21,089,081	2,697,033	(9,256,349)	14,529,765
Capital assets being depreciated/amortized				
Buildings	10,318,199	-	-	10,318,199
Machinery and equipment	6,012,194	336,888	(436,093)	5,912,989
Leased equipment	25,291	-	-	25,291
Improvements other than buildings	18,551,435	2,446,458	-	20,997,893
Vehicles	3,375,834	130,081	(31,377)	3,474,538
Bridges	4,890,518	-	-	4,890,518
Infrastructure	54,465,686	6,894,351	-	61,360,037
Total capital assets being depreciated/amortized	97,639,157	9,807,778	(467,470)	106,979,465
Less accumulated depreciation/amortization for				
Buildings	(4,641,374)	(226,174)	-	(4,867,548)
Machinery and equipment	(4,334,942)	(272,829)	432,122	(4,175,649)
Improvements other than buildings	(8,193,033)	(838,584)	-	(9,031,617)
Leased equipment	-	(10,116)	-	(10,116)
Vehicles	(2,723,869)	(100,216)	31,377	(2,792,708)
Bridges	(1,792,559)	(122,260)	-	(1,914,819)
Infrastructure	(24,070,040)	(1,370,234)	-	(25,440,274)
Total accumulated depreciation/amortization	(45,755,817)	(2,940,413)	463,499	(48,232,731)
Total capital assets being depreciated/amortized, net	51,883,340	6,867,365	(3,971)	58,746,734
Governmental activities capital position, net	<u>\$ 72,972,421</u>	<u>\$ 9,564,398</u>	<u>\$ (9,260,320)</u>	<u>\$ 73,276,499</u>

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	3,047,062	2,507,955	(1,477,559)	4,077,458
Total capital assets not being depreciated	<u>4,765,777</u>	<u>2,507,955</u>	<u>(1,477,559)</u>	<u>5,796,173</u>
Capital assets being depreciated				
Buildings	42,689,126	267,509	-	42,956,635
Machinery and equipment	11,885,939	362,106	(8,123)	12,239,922
Improvements other than buildings	48,483,809	1,995,118	-	50,478,927
Total capital assets being depreciated	<u>103,058,874</u>	<u>2,624,733</u>	<u>(8,123)</u>	<u>105,675,484</u>
Less accumulated depreciation for				
Buildings	(10,280,597)	(812,466)	-	(11,093,063)
Machinery and equipment	(7,743,866)	(490,888)	8,123	(8,226,631)
Improvements other than buildings	(24,209,857)	(1,120,169)	-	(25,330,026)
Total accumulated depreciation	<u>(42,234,320)</u>	<u>(2,423,523)</u>	<u>8,123</u>	<u>(44,649,720)</u>
Total capital assets being depreciated, net	<u>60,824,554</u>	<u>201,210</u>	<u>-</u>	<u>61,025,764</u>
Business-type activities capital assets, net	<u>\$ 65,590,331</u>	<u>\$ 2,709,165</u>	<u>\$ (1,477,559)</u>	<u>\$ 66,821,937</u>

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

Governmental activities	
General government	\$ 68,899
Public Safety	163,266
Streets and highways	1,627,102
Culture and recreation	482,516
Housing and Economic Development	50,394
Airport	529,888
Internal service funds	<u>18,348</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 2,940,413</u>
Business-type activities	
Electric Utility	\$ 450,055
Water Utility	1,008,609
Wastewater Utility	656,693
Storm Sewer	262,137
Liquor	<u>46,029</u>
Total depreciation expense - business-type activities	<u>\$ 2,423,523</u>

City of Fairmont
Notes to Basic Financial Statements

NOTE 6 – COMMITMENTS

The City has active construction projects as of December 31, 2022. At year end the City's commitments with contractors are as follows:

Fund	Commitment	Contract Amount
Public Works Building	\$ 6,248	\$ 7,784,738
Water	300,596	2,300,456
Total	\$ 306,844	\$ 10,085,194

NOTE 7 – INTERFUND ASSETS/LIABILITIES

A. Due To/From Other Funds

The composition of interfund balances as of December 31, 2022, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 51,458
General Fund	Water	1,439
Nonmajor Governmental Funds	Nonmajor Governmental Funds	174,805
Internal Service Fund	General Fund	62,562
Internal Service Fund	Water	11,070
Internal Service Fund	Wastewater	7,878
Internal Service Fund	Electric	14,918
Internal Service Fund	Nonmajor Governmental Funds	1,916
Internal Service Fund	Storm Sewer	2,484
Internal Service Fund	Municipal Liquor	3,413
Internal Service Fund	Internal Service Fund	2,321
Total		\$ 334,264

The above amounts represent interfund billings that will repaid during the first quarter of 2023 as well as interfund balances related to negative cash.

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	
General	\$ -	\$ -	\$ 35,201	\$ 80,000	\$ 115,201
Public works building	-	321,976	-	-	321,976
Nonmajor governmental	21,046	447,770	40,000	1,280,832	1,789,648
Water Utility	138,336	-	-	-	138,336
Wastewater Utility	88,682	-	-	-	88,682
Electric Utility	597,982	-	13,381	-	611,363
Liquor Store	-	-	341,550	35,000	376,550
Total	<u>\$ 846,046</u>	<u>\$ 769,746</u>	<u>\$ 430,132</u>	<u>\$ 1,395,832</u>	<u>\$ 3,441,756</u>

The transfer of \$80,000 from the General Fund to the Fire Truck Fund was to cover fire calls.

The transfer of \$35,201 from the General Fund to the Capital Projects Fund for fire department rescue boat and equipment.

The transfer of \$21,046 from the CARES Loan Fund to the General Fund for administrative expenses.

The transfer of \$40,000 from the Nonmajor Funds to the Capital Projects Fund for hangar maintenance and the George Lake Dam project.

The transfer of \$1,150,832 from the Local Option Sales Tax to the Community Center Fund for the Community Center project.

The transfer of \$447,770 from the Nonmajor governmental funds to the Debt Service Funds for debt service.

The transfer of \$321,976 from the Public Works Building Fund to the Debt Service Funds for debt service.

The transfer of \$130,000 from the MSA Fund to the 2022 Capital Improvement Fund is for the memorial drive bridge.

The transfer of \$138,336 from the Water Fund to the General Fund for payment in lieu of taxes.

The transfer of \$88,682 from the Sewer Fund to the General Fund for payment in lieu of taxes.

The transfer of \$611,363 from the Electric Fund to the General Fund for payments in lieu of taxes.

The transfer of \$35,000 from the Liquor Fund to the SMEC Fund to cover fund deficit.

The transfer of \$341,550 from the Liquor Fund to the Capital Projects Fund for various project funding.

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 through a combination of special assessments levied on the properties benefiting from the improvements and ad valorem tax levies. All general obligation 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.

	<u>Date</u>	<u>Rates</u>	<u>Issue</u>	<u>Maturity</u>	<u>End of Year</u>	<u>One Year</u>
G.O. Improvement Crossover Refunding Bonds, Series 2012A	03/15/12	0.50%-1.95%	\$ 5,755,000	03/01/24	\$ 695,000	\$ 345,000
G.O. Improvement Bonds, Series 2015A	08/20/15	2.00%-3.00%	2,330,000	03/01/31	1,355,000	135,000
G.O. Improvement Crossover Refunding Bonds, Series 2016A	05/01/16	1.50%-2.00%	2,715,000	03/01/27	1,325,000	305,000
G.O. Improvement Bonds, Series 2017A	07/18/17	2.00%-3.00%	2,950,000	03/01/33	2,260,000	180,000
G.O. Improvement Bonds, Series 2019A	06/06/19	3.00%	2,600,000	03/01/35	2,315,000	150,000
G.O. Improvement and Refunding Bonds, Series 2021A	06/01/21	1.15%-3.00%	3,280,000	03/01/37	3,170,000	235,000
G.O. Improvement Bonds, Series 2021B	06/01/21	1.10%-3.00%	6,935,000	03/01/51	6,735,000	170,000
Total					<u>\$ 17,855,000</u>	<u>\$ 1,520,000</u>

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
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	1,115,000	263,025	1,378,025
2028-2032	4,705,000	921,395	5,626,395
2033-2037	2,820,000	493,161	3,313,161
2038-2042	1,200,000	319,531	1,519,531
2043-2047	1,325,000	193,109	1,518,109
2048-2051	1,170,000	50,256	1,220,256
Total	<u>\$ 17,855,000</u>	<u>\$ 3,608,375</u>	<u>\$ 21,463,375</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	\$ 1,603,000	\$ 795,000
2011 G.O. Revenue Notes (PFA)	10/11/11	2.23%	28,902,811	08/20/41	20,061,000	874,000
2021 G.O. Revenue Notes (PFA)	12/21/21	1.00%	2,760,479	08/20/42	2,191,407	122,000
Total					<u>\$ 23,855,407</u>	<u>\$ 1,791,000</u>

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		
	Principal	Interest	Total
2023	\$ 1,791,000	\$ 502,765	\$ 2,293,765
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	1,081,000	389,324	1,470,324
2028-2032	5,757,000	1,597,771	7,354,771
2033-2037	6,388,000	968,347	7,356,347
2038-2042	5,412,000	275,267	5,687,267
Total	<u>\$ 24,351,000</u>	<u>\$ 5,046,297</u>	<u>\$ 29,397,297</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, 2022, are as follows:

	Water Utility	Wastewater Utility
Revenues	\$ 5,187,509	\$ 3,326,664
Principal and Interest	1,405,139	817,333
Percentage of Revenues	27.1%	24.6%

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, 2022.

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, 2042, if all amounts are disbursed as projected, and all payments are made on a timely basis.

City of Fairmont
Notes to Basic Financial Statements

NOTE 9 – LONG-TERM DEBT (CONTINUED)

C. Lease Obligations

The following lease was issued for equipment. Annual debt service requirements to maturity for the Lease Obligation is as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 10,150	\$ 213	\$ 10,363
2024	5,151	30	5,181
Total	<u>\$ 15,301</u>	<u>\$ 243</u>	<u>\$ 15,544</u>

D. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation special assessment bonds	\$ 19,500,000	\$ -	\$ (1,645,000)	\$ 17,855,000	\$ 1,520,000
Lease payable	25,291	-	(9,990)	15,301	10,150
Plus (less) deferred amounts for premium and discount	455,697	-	(31,000)	424,697	-
Total bonds payable	<u>19,980,988</u>	<u>-</u>	<u>(1,685,990)</u>	<u>18,294,998</u>	<u>1,530,150</u>
Sick Leave/Severance Payable	<u>550,813</u>	<u>510,593</u>	<u>(451,235)</u>	<u>610,171</u>	<u>149,846</u>
Total governmental activities	<u>\$ 20,531,801</u>	<u>\$ 510,593</u>	<u>\$ (2,137,225)</u>	<u>\$ 18,905,169</u>	<u>\$ 1,679,996</u>
	Ending Balance	Additions	Retirements	Ending Balance	Due Within One Year
Business-type activities					
Notes from direct borrowing	24,896,737	668,149	(1,709,479)	23,855,407	1,791,000
Sick Leave/Severance Payable	<u>411,915</u>	<u>300,150</u>	<u>(325,490)</u>	<u>386,575</u>	<u>152,226</u>
Total business-type activities	<u>\$ 25,308,652</u>	<u>\$ 968,299</u>	<u>\$ (2,034,969)</u>	<u>\$ 24,241,982</u>	<u>\$ 1,943,226</u>

The General Fund typically liquidates the governmental activities sick leave/severance payable.

City of Fairmont
Notes to Basic Financial Statements

NOTE 9 – LONG-TERM DEBT (CONTINUED)

E. 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	\$ 4,113,603

City of Fairmont
Notes to Basic Financial Statements

NOTE 10 – COMPONENTS OF FUND BALANCE

At December 31, 2022, 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)		
Fund balances						
Nonspendable						
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ 3,400	\$ 3,400
Restricted						
Debt service	-	2,626,754	-	-	-	2,626,754
Capital projects	-	-	-	-	4,410,258	4,410,258
Housing and economic development	-	-	-	-	2,619,346	2,619,346
Mini golf course	-	-	-	-	8,788	8,788
Total restricted	-	2,626,754	-	-	7,038,392	9,665,146
Committed						
Police department capital	13,220	-	-	-	-	13,220
Bike trail	2,897	-	-	-	-	2,897
LaFrance	4,172	-	-	-	-	4,172
Fire department	259,575	-	-	-	-	259,575
Aeronautics	-	-	-	-	499,599	499,599
Capital projects	5,153	-	168,673	1,127,747	3,877,433	5,179,006
Central college incubator	-	-	-	-	78,111	78,111
Conservation	-	-	-	-	376,945	376,945
Wetland bank	-	-	-	-	108,005	108,005
Micro loans	-	-	-	-	28,686	28,686
Total committed	285,017	-	168,673	1,127,747	4,968,779	6,550,216
Assigned						
Cash flow	3,000,000	-	-	-	-	3,000,000
Police equipment	46,377	-	-	-	-	46,377
Fire equipment	61,000	-	-	-	-	61,000
Housing demolition	72,539	-	-	-	-	72,539
Engineer equipment	75,000	-	-	-	-	75,000
Aquatic park	29,848	-	-	-	-	29,848
Finance equipment	195,367	-	-	-	-	195,367
Drug enforcement	54,378	-	-	-	-	54,378
Capital projects	-	-	-	-	59,200	59,200
Government building	1,734,332	-	-	-	-	1,734,332
Street equipment	120,880	-	-	-	-	120,880
Park trail	537,582	-	-	-	-	537,582
Total assigned	5,927,303	-	-	-	59,200	5,986,503
Unassigned	1,254,173	-	-	-	(178,891)	1,075,282
Total fund balances	\$ 7,466,493	\$ 2,626,754	\$ 168,673	\$ 1,127,747	\$ 11,890,880	\$ 23,280,547

City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS

The City participates in various pension plans. Total pension expense for the year ended December 31, 2022, was \$1,420,258 of that amount, (\$36,672) 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 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 local relief associations that elected to merge with and transfer assets and administration to PERA.

B. Benefits Provided

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

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

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.

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.

City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

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 2022 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, 2022, were \$398,391. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.8% of their annual covered salary in fiscal year 2022 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, 2022, were \$284,953. 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, 2022, the City reported a liability of \$5,583,623 for its proportionate share of the General Employees Fund's net pension liability, of that amount, \$41,612 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 \$163,770.

City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs (Continued)

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0705% at the end of the measurement period and 0.0730% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 5,583,623
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>163,770</u>
Total	<u><u>\$ 5,747,393</u></u>

For the year ended December 31, 2022, the City recognized pension expense of \$727,505 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$24,471 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 (\$36,672) has been allocated to the discretely presented component unit – Economic Development Authority.

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, 2022, 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
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 46,639	\$ 61,671
Changes in actuarial assumptions	1,307,133	23,129
Net Collective difference between projected and actual investment earnings	25,124	-
Change in proportion	35,972	86,982
Contributions paid to PERA subsequent to the measurement date	<u>199,196</u>	<u>-</u>
Total	<u><u>\$ 1,614,064</u></u>	<u><u>\$ 171,782</u></u>

The \$199,196 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, 2023, of this amount, \$2,969 has been contributed by the discretely presented component unit – Economic Development Authority. From the total above amounts, \$12,029 of deferred outflows of resources and \$1,280 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
	<u> </u>
2023	\$ 469,475
2024	498,504
2025	(229,848)
2026	<u>504,955</u>
Total	<u><u>\$ 1,243,086</u></u>

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, 2022, the City reported a liability of \$6,013,918 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1382% at the end of the measurement period and 0.1285% for the beginning of the period.

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

The State of Minnesota 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, 2022, the City recognized pension expense of \$478,597 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$50,948 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 \$12,438 for the year ended December 31, 2022, 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.

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, 2022, 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	\$ 358,879	\$ -
Changes in actuarial assumptions	3,452,081	36,200
Net Collective difference between projected and actual investment earnings	195,443	-
Change in proportion	103,705	89,831
Contributions paid to PERA subsequent to the measurement date	142,477	-
	<u>142,477</u>	<u>-</u>
Total	<u>\$ 4,252,585</u>	<u>\$ 126,031</u>

The \$142,477 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, 2023. 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>
2023	\$ 806,335
2024	765,383
2025	688,668
2026	1,210,844
2027	512,847
	<u>512,847</u>
Total	<u>\$ 3,984,077</u>

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 Expected Real Rate of Return</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
Total	<u>100.0 %</u>	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.%. 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 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan 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

City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the previous valuation.

Police and Fire Fund

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.
- The single discount rate was changed from 6.5% to 5.4%.

Changes in Plan Provisions

- There have been no changes since the previous valuation.

G. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in the fiscal year ended June 30, 2061, projected benefit payments exceed the fund's projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.4% for the Police and Fire Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

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	\$ 8,753,897	\$ 5,542,011	\$ 2,907,769
Discretely presented component unit - Economic Development Authority	65,728	41,612	21,833
	1% Decrease in Discount rate (4.4%)	Current Discount Rate (5.4%)	1% Increase in Discount Rate (6.4%)
City of Fairmont proportionate share of			
Police and Fire Fighters net pension liability	\$ 9,101,294	\$ 6,013,918	\$ 3,517,960

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.

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, 2021, the plan covered 31 active firefighters and 2 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

City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

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

B. Benefits Provided (Continued)

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 Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aids are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a ten year period. The City's obligation is the financial requirement for the year less state aids. Any additional payments by the City shall be used to amortize the unfunded liability of the relief association. The Association is comprised of volunteers; therefore, there are no payroll expenditures (i.e., there are no covered payroll percentage calculations). During the year, the City recognized as revenue and as an expenditure on behalf payment of \$98,614 made by the State of Minnesota for the Relief Association.

D. Pension Costs

At December 31, 2022, the City reported a net pension asset of \$97,962 for the plan. The net pension liability was measured as of December 31, 2022. 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, 2022	\$ 1,666,853	\$ 2,158,400	\$ (491,547)
Changes for the Year			
Service cost	70,523	-	70,523
Interest	84,932	-	84,932
Contributions - state and local	-	100,614	(100,614)
Contributions - member	-	21,065	(21,065)
Net investment income	-	(342,348)	342,348
Benefit payments	(77,490)	(77,490)	-
Administrative expenses	-	(17,461)	17,461
Total Net Changes	<u>77,965</u>	<u>(315,620)</u>	<u>393,585</u>
Ending Balance December 31, 2022	<u>\$ 1,744,818</u>	<u>\$ 1,842,780</u>	<u>\$ (97,962)</u>

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)

For the year ended December 31, 2022, the City recognized pension expense of \$175,676. At December 31, 2022, 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	\$ -	\$ 120,110
Changes in actuarial assumptions	45,628	3,440
Net difference between projected and actual earnings on pension plan investments	158,119	-
City contributions subsequent to the measurement date	98,614	-
	<u>\$ 302,361</u>	<u>\$ 123,550</u>
Total	<u>\$ 302,361</u>	<u>\$ 123,550</u>

Deferred outflows of resources totaling \$98,614 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, 2023.

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
2023	\$ (41,117)
2024	8,361
2025	39,452
2026	77,430
2027	(6,214)
Thereafter	<u>2,285</u>
Total	<u>\$ 80,197</u>

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

The actuarial total pension liability was determined as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Valuation Date</u>	<u>December 31, 2022</u>
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Actuarial assumptions:	
Discount rate	5.00 %
Investment rate of return	5.00
Inflation	2.25

The 5.00 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, 2022, 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 %	5.65 %
International equity	4.00	5.65
Fixed income	40.00	2.27
Real estate and alternatives	2.00	4.44
Cash and equivalents	14.00	0.84
	<u>100.00 %</u>	
Total portfolio	<u>100.00 %</u>	

City of Fairmont
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

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

F. Discount Rate

The discount rate used to measure the total pension liability was 5.0 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:

	1% Decrease in Discount Rate (4.0%)	Current Discount Rate (5.0%)	1% Increase in Discount Rate (6.0%)
<u>City of Fairmont's proportionate share of</u>			
Net pension liability (asset)	\$ (45,699)	\$ (97,962)	\$ (147,861)

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. There are no assets accumulated in a trust.

City of Fairmont
Notes to Basic Financial Statements

NOTE 12 – RETIREE HEALTH INSURANCE (CONTINUED)

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.

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 2022, 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	89
	<hr/>
Total	94
	<hr/> <hr/>

City of Fairmont
Notes to Basic Financial Statements

NOTE 12 – RETIREE HEALTH INSURANCE (CONTINUED)

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, 2022. 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	6.25% 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 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 \$745,017 was measured as of January 1, 2022, and was determined by an actuarial valuation as of January 1, 2021, of this amount \$5,215 was allocated to the discretely presented component unit – Economic Development Authority.

City of Fairmont
Notes to Basic Financial Statements

NOTE 12 – RETIREE HEALTH INSURANCE (CONTINUED)

F. Total OPEB Liability (Continued)

Changes in the total OPEB liability are as follows:

	Total OPEB Liability
	<u>\$ 715,811</u>
Balances at January 1, 2021	
Changes for the year	
Service cost	49,195
Interest	14,952
Benefit payments	<u>(34,941)</u>
Net changes	<u>29,206</u>
Balances at January 1, 2022	<u><u>\$ 745,017</u></u>

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	\$ 789,243	\$ 739,802	\$ 692,788
EDA	5,564	5,215	4,884

City of Fairmont
Notes to Basic Financial Statements

NOTE 12 – RETIREE HEALTH INSURANCE (CONTINUED)

G. OPEB Liability Sensitivity (Continued)

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 Medical Trend Rate (5.25%)	Current Medical Trend Rate (6.25%)	1% Increase in Medical Trend Rate (7.25%)
City of Fairmont	\$ 662,759	\$ 739,802	\$ 830,676
EDA	4,672	5,215	5,897

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

For the year ended December 31, 2022, the City recognized OPEB expense of \$74,014, of this amount \$518 was allocated to the discretely presented component unit – Economic Development Authority. At December 31, 2022, 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	\$ 23,354	\$ 39,724
Liability Losses	69,470	-
Contributions to Plan Subsequent to the Measurement Date	44,282	-
Total	<u>\$ 137,106</u>	<u>\$ 39,724</u>

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 (Continued)**

The \$44,282 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, 2023, of this amount \$310 was contributed by the discretely presented component unit – Economic Development Authority. Of the above deferred amounts, \$960 of deferred outflows of resources and \$278 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
2023	\$ 9,867
2024	9,867
2025	9,867
2026	9,869
2027	13,630
Total	<u>\$ 53,100</u>

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.

City of Fairmont
Notes to Basic Financial Statements

NOTE 13 – RISK MANAGEMENT

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 \$183,902 at December 31, 2022. The claims liability of \$37,597 reported in the fund at December 31, 2022, 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 years 2022, 2021, and 2020 were:

Year	January 1 Claims Liability	Current Year Claims and Changes in Estimates	Current Year Claim Payments	Claims Liability End of Year
2022	\$ 14,475	\$ 201,462	\$ (215,806)	\$ 131
2021	13,613	179,202	(178,340)	14,475
2020	15,997	190,542	(192,926)	13,613

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.

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, 2022, was \$774,553 and \$32,831 for the Property, Equipment and Liability and Workers' Compensation Self-insurance funds, respectively. The claims liabilities of \$11,477 reported in the Property, Equipment and Liability and Worker's Compensation funds at December 31, 2022, 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.

City of Fairmont
Notes to Basic Financial Statements

NOTE 13 – RISK MANAGEMENT (CONTINUED)

Changes in the Property, Equipment and Liability fund's claims liability amount in calendar years 2022, 2021, and 2020 were:

Year	January 1 Claims Liability	Current Year Claims and Changes in Estimates	Current Year Claim Payments	Claims Liability End of Year
2022	\$ -	\$ 11,477	\$ (11,477)	\$ -
2021	2,257	8,994	(11,251)	-
2020	27,763	23,579	(49,085)	2,257

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.

B. Commitments

Power Purchase Commitment - Southern Minnesota Municipal Power Agency (SMPMPA) 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 SMPMPA to purchase power from SMPMPA 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 SMPMPA to meet all operating costs and debt commitments, and to maintain reasonable reserves.

City of Fairmont
Notes to Basic Financial Statements

NOTE 14 – OTHER INFORMATION (CONTINUED)

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 2022 was \$3,704,698. This accounted for 43 percent of General fund revenues.

NOTE 15 – TAX ABATEMENTS

As of December 31, 2022, 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 abatement agreement on December 1, 2018, with a business in which the business incurred costs for the expansion of existing facilities to accommodate their existing Trucking Logistics, A/R Management and Cashflow services business. 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 \$228,820 over the life of the agreement. The agreement was negotiated under state law (*Minnesota Statute 469.1812-469.1815*) and has a maximum duration of February 1, 2032. The calculation of taxes abated during the fiscal years noted in the chart below.

The City entered into a tax abatement agreement on August 26, 2019, with a business in which the business incurred costs for the expansion of existing facilities to accommodate the processing of soybeans and soybean 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 \$590,280 over the life of the agreement. The agreement was negotiated under state law (*Minnesota Statute 469.1812-469.1815*) and has a maximum duration of February 1, 2032. The calculation of taxes abated during the fiscal years 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

City of Fairmont
Notes to Basic Financial Statements

NOTE 15 – TAX ABATEMENTS (CONTINUED)

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 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 Statutes 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 Statutes 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.

City of Fairmont
Notes to Basic Financial Statements

NOTE 15 – TAX ABATEMENTS (CONTINUED)

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.

Lost revenue as it relates to tax abatements for the year ended December 31, 2022, was as follows:

	City Tax Rate (Year of Establishment)	District Tax Capacity	Amount of Taxes Abated this Fiscal Year
Tax Abatement Agreements			
Zierke Build Manufacturing Inc			\$ 31,594
Arthur Andrews			27,677
CHS			45,949
Tax increment districts (PAYGO)			
TIF District #22	42.272%	\$ 42,920	18,143
TIF District #23	49.454%	24,244	11,990
TIF District #24	46.113%	10,941	5,045
TIF District #25	46.113%	42,092	19,410
TIF District #26	46.165%	29,426	13,585
TIF District #27	48.739%	9,588	4,673
Total			<u>\$ 178,065</u>

NOTE 16 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* establishes that a Subscription-Based Information Technology Arrangement (SBITA) results in a right-to-use subscription asset and a corresponding liability. Under this statement, a governmental entity generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. This statement will be effective for the year ending December 31, 2023.

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**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%
2022	0.0705%	5,583,623	163,770	5,747,393	5,282,440	108.8%	76.67%

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%
2022	0.1382%	6,013,918	262,653	6,276,571	1,678,853	373.86%	70.53%

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%
2022	398,391	398,391	-	5,311,880	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%
2022	284,953	284,953	-	1,609,904	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

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

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.

City of Fairmont
Notes to Required Supplementary Information

General Employees Fund (Continued)

2020 Changes (Continued)

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.

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.

City of Fairmont
Notes to Required Supplementary Information

General Employees Fund (Continued)

2017 Changes (Continued)

Changes in Plan Provisions

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

2016 Changes

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

2022 Changes

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.
- The single discount rate was changed from 6.5% to 5.4%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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.

City of Fairmont
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

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.

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%.

City of Fairmont
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- 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.

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 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 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
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.
- 2020 - The expected investment return and discount rate decreased from 6.00% to 5.50% to reflect updated capital market assumptions. The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2017, Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2021, Minnesota PERA Police & Fire Plan actuarial valuation.

Measurement Date				
December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
\$ 49,365	\$ 50,723	\$ 48,887	\$ 50,109	\$ 70,523
88,426	90,747	74,718	72,375	84,932
-	-	-	(13,482)	-
-	23,541	-	30,992	-
-	(149,682)	-	280,005	-
(163,048)	(37,890)	(296,972)	(37,890)	(77,490)
(25,257)	(22,561)	(173,367)	382,109	77,965
1,505,929	1,480,672	1,458,111	1,284,744	1,666,853
<u>\$ 1,480,672</u>	<u>\$ 1,458,111</u>	<u>\$ 1,284,744</u>	<u>\$ 1,666,853</u>	<u>\$ 1,744,818</u>
\$ 24,300	\$ 21,765	\$ 21,310	\$ 21,325	\$ 21,065
133,620	89,593	95,847	97,861	100,614
(44,856)	294,065	235,096	269,142	(342,348)
(163,048)	(37,890)	(296,972)	(37,890)	(77,490)
(16,378)	(13,342)	(16,171)	(17,332)	(17,461)
3,798	-	(13)	(25)	-
(62,564)	354,191	39,097	333,081	(315,620)
1,494,595	1,432,031	1,786,222	1,825,319	2,158,400
<u>\$ 1,432,031</u>	<u>\$ 1,786,222</u>	<u>\$ 1,825,319</u>	<u>\$ 2,158,400</u>	<u>\$ 1,842,780</u>
<u>\$ 48,641</u>	<u>\$ (328,111)</u>	<u>\$ (540,575)</u>	<u>\$ (491,547)</u>	<u>\$ (97,962)</u>
96.7%	122.5%	142.1%	129.5%	105.6%

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.

December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
\$ 104,682	\$ 41,337	\$ 43,872	\$ 43,872
<u>117,157</u>	<u>119,186</u>	<u>121,679</u>	<u>120,934</u>
<u>\$ (12,475)</u>	<u>\$ (77,849)</u>	<u>\$ (77,807)</u>	<u>\$ (77,062)</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	December 31, 2022
Total OPEB Liability					
Service cost	\$ 28,185	\$ 34,697	\$ 35,738	\$ 47,762	\$ 49,195
Interest	17,344	18,140	21,006	23,072	14,952
Difference between expected and actu	-	49,254	-	62,784	-
Changes of assumptions	-	(79,452)	-	32,698	-
Benefit payments	(24,109)	(31,777)	(9,241)	(19,627)	(34,941)
Net change in total OPEB liability	21,420	(9,138)	47,503	146,689	29,206
Beginning of year	509,337	530,757	521,619	569,122	715,811
Net OPEB liability	<u>\$ 530,757</u>	<u>\$ 521,619</u>	<u>\$ 569,122</u>	<u>\$ 715,811</u>	<u>\$ 745,017</u>
Covered-employee payroll	\$ 5,741,610	\$ 5,667,283	\$ 5,837,301	\$ 6,281,208	\$ 6,281,208
Net OPEB liability as a percentage of covered-employee payroll	9.24%	9.20%	9.75%	11.40%	11.86%

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

- 2021 - The health care trend rates were changed to better anticipate short term and long term medical increases.
The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with
The inflation rate 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%.
These changes increased the liability \$32,698.
- 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%.

There are no assets accumulated in a trust for OPEB.

**FINANCIAL SECTION
SUPPLEMENTARY
INFORMATION**

City of Fairmont
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2022

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 2,309,917	\$ 8,740,628	\$ 11,050,545
Due from other governments	484,416	227,160	711,576
Accounts receivable	5,028	63,244	68,272
Due from other funds	-	174,805	174,805
Property taxes receivable	3,308	3,584	6,892
Special assessments receivable	-	73,227	73,227
Notes receivable	1,377,632	-	1,377,632
Prepaid items	3,400	-	3,400
Land held for resale	-	80,000	80,000
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 4,183,701</u>	<u>\$ 9,362,648</u>	<u>\$ 13,546,349</u>
Liabilities			
Accounts payable	\$ 182,700	\$ 3,917	\$ 186,617
Due to other governments	235,184	80,000	315,184
Salaries and benefits payable	5,043	-	5,043
Due to other funds	53,374	174,805	228,179
Total liabilities	<u>476,301</u>	<u>258,722</u>	<u>735,023</u>
Deferred Inflows of Resources			
Unavailable revenue - taxes and assessments	3,308	76,811	80,119
Advanced appropriations - state shared tax	-	840,327	840,327
Total deferred inflows of resources	<u>3,308</u>	<u>917,138</u>	<u>920,446</u>
Fund Balances			
Nonspendable	3,400	-	3,400
Restricted	2,619,346	4,419,046	7,038,392
Committed	1,091,346	3,877,433	4,968,779
Assigned	-	59,200	59,200
Unassigned	(10,000)	(168,891)	(178,891)
Total fund balances	<u>3,704,092</u>	<u>8,186,788</u>	<u>11,890,880</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,183,701</u>	<u>\$ 9,362,648</u>	<u>\$ 13,546,349</u>

City of Fairmont
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2022

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
General property taxes	\$ 73,592	\$ 98,065	\$ 171,657
Tax increment collections	175,478	-	175,478
Miscellaneous taxes	1,342,000	266,405	1,608,405
Intergovernmental	560,257	832,852	1,393,109
Special assessments	-	15,721	15,721
Charges for services	609,788	-	609,788
Investment income	(125,178)	(310,998)	(436,176)
Loan interest	15,481	-	15,481
Miscellaneous	49,041	700	49,741
Total revenues	<u>2,700,459</u>	<u>902,745</u>	<u>3,603,204</u>
Expenditures			
Current			
Culture and recreation	17,413	195,186	212,599
Economic development	675,502	9,473	684,975
Airport	662,377	-	662,377
Conservation - water resources	27,076	-	27,076
Debt service			
Interest and other charges	-	131	131
Capital outlay			
Airport	-	50,000	50,000
Public works	-	77,388	77,388
Total expenditures	<u>1,382,368</u>	<u>332,178</u>	<u>1,714,546</u>
Excess of revenues over expenditures	1,318,091	570,567	1,888,658
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	-	45,000	45,000
Transfers in	35,000	1,360,832	1,395,832
Transfers out	(1,211,878)	(577,770)	(1,789,648)
Total other financing sources (uses)	<u>(1,176,878)</u>	<u>828,062</u>	<u>(348,816)</u>
Net change in fund balances	141,213	1,398,629	1,539,842
Fund Balances			
Beginning of year	<u>3,562,879</u>	<u>6,788,159</u>	<u>10,351,038</u>
End of year	<u>\$ 3,704,092</u>	<u>\$ 8,186,788</u>	<u>\$ 11,890,880</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, 2020 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.

Tax Increment District No. 28: 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, 2022

	Special Revenue			
	Central College Incubator (212)	Wetland Bank (214)	Revolving Loan (215)	Revolving Loan 2 (216)
Assets				
Cash and investments	\$ 77,611	\$ 108,005	\$ 380,911	\$ 713,704
Due from other governments	-	-	-	-
Accounts receivable	500	-	-	-
Property taxes receivable	-	-	-	-
Special assessments receivable:				
Notes receivable	-	-	224,208	385,088
Prepaid items	-	-	-	-
Total assets	<u>\$ 78,111</u>	<u>\$ 108,005</u>	<u>\$ 605,119</u>	<u>\$ 1,098,792</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	225,184
Salaries payable	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,184</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes and assessments	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	605,119	873,608
Committed	78,111	108,005	-	-
Unassigned	-	-	-	-
Total fund balances	<u>78,111</u>	<u>108,005</u>	<u>605,119</u>	<u>873,608</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 78,111</u>	<u>\$ 108,005</u>	<u>\$ 605,119</u>	<u>\$ 1,098,792</u>

Special Revenue

Micro Loan (217)	CARES RLF (218)	State Housing Grant III (224)	2020 State Housing Grant (220)	State Housing Grant 2016 (228)	Aeronautics (230)	Lake Restoration (240)
\$ 10,391	\$ 151,120	\$ 861	\$ -	\$ 33,607	\$ 452,848	\$ 369,179
-	-	-	171,495	-	57,247	-
-	-	-	-	-	(3,238)	7,766
-	-	-	-	-	3,308	-
18,295	458,880	8,826	-	282,335	-	-
-	-	-	-	-	3,400	-
<u>\$ 28,686</u>	<u>\$ 610,000</u>	<u>\$ 9,687</u>	<u>\$ 171,495</u>	<u>\$ 315,942</u>	<u>\$ 513,565</u>	<u>\$ 376,945</u>
\$ -	\$ -	\$ -	\$ 171,495	\$ -	\$ 299	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	5,043	-
-	-	-	-	-	1,916	-
-	-	-	171,495	-	7,258	-
-	-	-	-	-	3,308	-
-	-	-	-	-	3,308	-
-	-	-	-	-	3,400	-
-	610,000	9,687	-	315,942	-	-
28,686	-	-	-	-	499,599	376,945
-	-	-	-	-	-	-
<u>28,686</u>	<u>610,000</u>	<u>9,687</u>	<u>-</u>	<u>315,942</u>	<u>502,999</u>	<u>376,945</u>
<u>\$ 28,686</u>	<u>\$ 610,000</u>	<u>\$ 9,687</u>	<u>\$ 171,495</u>	<u>\$ 315,942</u>	<u>\$ 513,565</u>	<u>\$ 376,945</u>

City of Fairmont
Combining Balance Sheet -
Nonmajor Special Revenue Funds
December 31, 2022

	Special Revenue		
	Local Option Sales Tax (250)	Tax Increment District No. 23 (320)	Tax Increment District No. 24 (324)
Assets			
Cash and investments	\$ -	\$ -	\$ -
Due from other governments	216,801	12,100	5,545
Accounts receivable	-	-	-
Property taxes receivable	-	-	-
Special assessments receivable:			
Notes receivable	-	-	-
Prepaid items	-	-	-
Total assets	<u>\$ 216,801</u>	<u>\$ 12,100</u>	<u>\$ 5,545</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Due to other governments	-	-	-
Salaries payable	-	-	-
Due to other funds	51,458	-	-
Total liabilities	<u>51,458</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenue - taxes and assessments	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	165,343	12,100	5,545
Committed	-	-	-
Unassigned	-	-	-
Total fund balances	<u>165,343</u>	<u>12,100</u>	<u>5,545</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 216,801</u>	<u>\$ 12,100</u>	<u>\$ 5,545</u>

Special Revenue

Tax Increment District No. 26 (326)	Tax Increment District No. 27 (327)	Tax Increment District No. 28 (328)	Visit Fairmont (873)	Total
\$ -	\$ -	\$ 500	\$ 11,180	\$ 2,309,917
16,003	5,225	-	-	484,416
-	-	-	-	5,028
-	-	-	-	3,308
-	-	-	-	1,377,632
-	-	-	-	3,400
<u>\$ 16,003</u>	<u>\$ 5,225</u>	<u>\$ 500</u>	<u>\$ 11,180</u>	<u>\$ 4,183,701</u>
\$ -	\$ -	\$ 500	\$ 10,406	\$ 182,700
-	-	10,000	-	235,184
-	-	-	-	5,043
-	-	-	-	53,374
<u>-</u>	<u>-</u>	<u>10,500</u>	<u>10,406</u>	<u>476,301</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,308</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,308</u>
-	-	-	-	3,400
16,003	5,225	-	774	2,619,346
-	-	-	-	1,091,346
-	-	(10,000)	-	(10,000)
<u>16,003</u>	<u>5,225</u>	<u>(10,000)</u>	<u>774</u>	<u>3,704,092</u>
<u>\$ 16,003</u>	<u>\$ 5,225</u>	<u>\$ 500</u>	<u>\$ 11,180</u>	<u>\$ 4,183,701</u>

City of Fairmont
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended December 31, 2022

	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	-	-	-	10,466
Charges for services	-	-	-	-
Investment income	(2,350)	(4,171)	(14,841)	(27,593)
Loan interest	-	-	8,971	6,186
Miscellaneous	48,010	-	-	-
Total revenues	<u>45,660</u>	<u>(4,171)</u>	<u>(5,870)</u>	<u>(10,941)</u>
Expenditures				
Current				
Housing and economic development	81,890	-	1,168	75
Culture and recreation	-	-	-	-
Airport	-	-	-	-
Conservation - water resources	-	-	-	-
Total expenditures	<u>81,890</u>	<u>-</u>	<u>1,168</u>	<u>75</u>
Excess of revenues over (under) expenditures	(36,230)	(4,171)	(7,038)	(11,016)
Transfers in	35,000	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,230)	(4,171)	(7,038)	(11,016)
Fund Balances				
Beginning of year	<u>79,341</u>	<u>112,176</u>	<u>612,157</u>	<u>884,624</u>
End of year	<u>\$ 78,111</u>	<u>\$ 108,005</u>	<u>\$ 605,119</u>	<u>\$ 873,608</u>

Special Revenue

Micro Loan (217)	CARES RLF (218)	State Housing Grant III (224)	2020 State Housing Grant (220)	State Housing Grant 2016 (228)	Aeronautics (230)	Lake Restoration (240)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,592	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	242,456	-	235,395	-	71,940	-
-	-	-	-	-	544,694	65,094
(413)	-	-	-	-	(17,403)	(14,048)
324	-	-	-	-	-	-
-	-	-	-	-	1,031	-
<u>(89)</u>	<u>242,456</u>	<u>-</u>	<u>235,395</u>	<u>-</u>	<u>673,854</u>	<u>51,046</u>
5	-	-	235,395	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	662,377	-
-	21,361	-	-	-	-	5,715
<u>5</u>	<u>21,361</u>	<u>-</u>	<u>235,395</u>	<u>-</u>	<u>662,377</u>	<u>5,715</u>
(94)	221,095	-	-	-	11,477	45,331
-	-	-	-	-	-	-
-	(21,046)	-	-	-	(15,000)	(25,000)
-	(21,046)	-	-	-	(15,000)	(25,000)
(94)	200,049	-	-	-	(3,523)	20,331
<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>
<u>\$ 28,686</u>	<u>\$ 610,000</u>	<u>\$ 9,687</u>	<u>\$ -</u>	<u>\$ 315,942</u>	<u>\$ 502,999</u>	<u>\$ 376,945</u>

City of Fairmont
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended December 31, 2022

	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	-	24,244	54,553	11,109
Miscellaneous taxes	1,171,835	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	(44,359)	-	-	-
Loan interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>1,127,476</u>	<u>24,244</u>	<u>54,553</u>	<u>11,109</u>
Expenditures				
Current				
Housing and economic development	-	24,063	54,553	12,130
Culture and recreation	17,413	-	-	-
Airport	-	-	-	-
Conservation - water resources	-	-	-	-
Total expenditures	<u>17,413</u>	<u>24,063</u>	<u>54,553</u>	<u>12,130</u>
Excess of revenues over (under) expenditures	1,110,063	181	-	(1,021)
Transfers in	-	-	-	-
Transfers out	<u>(1,150,832)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,150,832)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(40,769)	181	-	(1,021)
Fund Balances				
Beginning of year	<u>206,112</u>	<u>11,919</u>	<u>-</u>	<u>6,566</u>
End of year	<u>\$ 165,343</u>	<u>\$ 12,100</u>	<u>\$ -</u>	<u>\$ 5,545</u>

Special Revenue					
Tax Increment District No. 25 (325)	Tax Increment District No. 26 (326)	Tax Increment District No. 27 (327)	Tax Increment District No. 28 (328)	Visit Fairmont (873)	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,592
43,038	32,064	10,470	-	-	175,478
-	-	-	-	170,165	1,342,000
-	-	-	-	-	560,257
-	-	-	-	-	609,788
-	-	-	-	-	(125,178)
-	-	-	-	-	15,481
-	-	-	-	-	49,041
43,038	32,064	10,470	-	170,165	2,700,459
43,038	32,172	10,848	10,000	170,165	675,502
-	-	-	-	-	17,413
-	-	-	-	-	662,377
-	-	-	-	-	27,076
43,038	32,172	10,848	10,000	170,165	1,382,368
-	(108)	(378)	(10,000)	-	1,318,091
-	-	-	-	-	35,000
-	-	-	-	-	(1,211,878)
-	-	-	-	-	(1,176,878)
-	(108)	(378)	(10,000)	-	141,213
-	16,111	5,603	-	774	3,562,879
\$ -	\$ 16,003	\$ 5,225	\$ (10,000)	\$ 774	\$ 3,704,092

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, 2022

	2022			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Investment income	\$ 500	\$ 500	\$ (2,350)	\$ (2,850)
Other revenues	35,382	35,382	48,010	12,628
Total revenues	35,882	35,882	45,660	9,778
Expenditures				
Current				
Economic development	86,400	86,400	81,890	(4,510)
Total expenditures	86,400	86,400	81,890	(4,510)
Excess of revenues over (under) expenditures	(50,518)	(50,518)	(36,230)	14,288
Other Financing Sources (Uses)				
Transfers in	51,000	51,000	35,000	(16,000)
Total other financing sources (uses)	51,000	51,000	35,000	(16,000)
Net change in fund balance	\$ 482	\$ 482	(1,230)	\$ (1,712)
Fund Balance				
Beginning of year			79,341	
End of year			\$ 78,111	

City of Fairmont
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual -
Aeronautics Special Revenue Fund
Year Ended December 31, 2022

	2022			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
General property taxes	\$ 75,000	\$ 75,000	\$ 73,592	\$ (1,408)
Intergovernmental	69,408	69,408	71,940	2,532
Charges for services	371,000	371,000	544,694	173,694
Investment income	5,000	5,000	(17,403)	(22,403)
Miscellaneous	-	-	1,031	1,031
Total revenues	<u>520,408</u>	<u>520,408</u>	<u>673,854</u>	<u>153,446</u>
Expenditures				
Current				
Airport	<u>504,202</u>	<u>504,202</u>	<u>662,377</u>	<u>158,175</u>
Total expenditures	<u>504,202</u>	<u>504,202</u>	<u>662,377</u>	<u>158,175</u>
Excess of revenues over (under) expenditures	16,206	16,206	11,477	(4,729)
Other Financing Sources				
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ 1,206</u>	<u>\$ 1,206</u>	<u>(3,523)</u>	<u>\$ (4,729)</u>
Fund Balance				
Beginning of year			<u>506,522</u>	
End of year			<u>\$ 502,999</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, 2022

	2022			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Charges for services	\$ 65,000	\$ 65,000	\$ 65,094	\$ 94
Investment income	3,000	3,000	(14,048)	(17,048)
Total revenues	<u>68,000</u>	<u>68,000</u>	<u>51,046</u>	<u>(16,954)</u>
Expenditures				
Current				
Lake restoration	13,645	13,645	5,715	(7,930)
Total expenditures	<u>13,645</u>	<u>13,645</u>	<u>5,715</u>	<u>(7,930)</u>
Excess of revenues over expenditures	54,355	54,355	45,331	(9,024)
Other Financing Sources (Uses)				
Transfers out	(25,000)	(25,000)	(25,000)	-
Total other financing sources (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ 29,355</u>	<u>\$ 29,355</u>	20,331	<u>\$ (9,024)</u>
Fund Balance				
Beginning of year			<u>356,614</u>	
End of year			<u>\$ 376,945</u>	

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, 2022

	2022			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
City sales tax	\$ 975,000	\$ 975,000	\$ 1,171,835	\$ 196,835
Investment income	5,000	5,000	(44,359)	(49,359)
Total revenues	<u>980,000</u>	<u>980,000</u>	<u>1,127,476</u>	<u>147,476</u>
Expenditures				
Current				
Culture and recreation	-	-	17,413	17,413
Total expenditures	<u>-</u>	<u>-</u>	<u>17,413</u>	<u>17,413</u>
Excess of revenues over expenditures	980,000	980,000	1,110,063	130,063
Other Financing Sources (Uses)				
Transfers out	(980,000)	(980,000)	(1,150,832)	(170,832)
Total other financing sources (uses)	<u>(980,000)</u>	<u>(980,000)</u>	<u>(1,150,832)</u>	<u>(170,832)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(40,769)</u>	<u>\$ (40,769)</u>
Fund Balance				
Beginning of year			<u>206,112</u>	
End of year			<u>\$ 165,343</u>	

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, 2022

	2022		
	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original	Final	
Revenues			
Tax increments	\$ 23,839	\$ 23,839	\$ 24,244
Total revenues	23,839	23,839	24,244
Expenditures			
Current			
Economic development	23,839	23,839	24,063
Total expenditures	23,839	23,839	24,063
Net change in fund balance	\$ -	\$ -	181
Fund Balance			
Beginning of year			11,919
End of year			\$ 12,100

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, 2022

	2022			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Tax increments	\$ 60,867	\$ 60,867	\$ 54,553	\$ (6,314)
Total revenues	<u>60,867</u>	<u>60,867</u>	<u>54,553</u>	<u>(6,314)</u>
Expenditures				
Current				
Economic development	60,867	60,867	54,553	(6,314)
Total expenditures	<u>60,867</u>	<u>60,867</u>	<u>54,553</u>	<u>(6,314)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance				
Beginning of year			-	
End of year			<u>\$ -</u>	

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, 2022

	2022		
	Budgeted Amounts		Variance with
	Original	Final	Final Budget -
			Actual
			Amounts
			Over (Under)
Revenues			
Tax increments	\$ 13,131	\$ 13,131	\$ 11,109
Total revenues	13,131	13,131	11,109
			(2,022)
			(2,022)
Expenditures			
Current			
Economic development	13,131	13,131	12,130
Total expenditures	13,131	13,131	12,130
			(1,001)
			(1,001)
Net change in fund balance	\$ -	\$ -	(1,021)
			\$ (1,021)
Fund Balance			
Beginning of year			6,566
End of year			\$ 5,545

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, 2022

		2022		
		Budgeted Amounts		Variance with Final Budget - Over (Under)
		Original	Final	
Revenues				
	Tax increments	\$ 42,484	\$ 42,484	\$ 43,038
	Total revenues	42,484	42,484	43,038
Expenditures				
Current				
	Economic development	42,484	42,484	43,038
	Total expenditures	42,484	42,484	43,038
	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, 2022

	2022			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Tax increments	\$ 32,222	\$ 32,222	\$ 32,064	\$ (158)
Total revenues	<u>32,222</u>	<u>32,222</u>	<u>32,064</u>	<u>(158)</u>
Expenditures				
Current				
Economic development	32,222	32,222	32,172	(50)
Total expenditures	<u>32,222</u>	<u>32,222</u>	<u>32,172</u>	<u>(50)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(108)	<u>\$ (108)</u>
Fund Balance				
Beginning of year			<u>16,111</u>	
End of year			<u>\$ 16,003</u>	

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, 2022

		2022		
		Budgeted Amounts		Variance with
		Original	Final	Final Budget -
				Over (Under)
Revenues				
Tax increments		\$ 11,207	\$ 11,207	\$ 10,470
Total revenues		11,207	11,207	10,470
				(737)
Expenditures				
Current				
Economic development		11,207	11,207	10,848
Total expenditures		11,207	11,207	10,848
				(359)
Net change in fund balance		\$ -	\$ -	(378)
				\$ (378)
Fund Balance				
Beginning of year				5,603
End of year				\$ 5,225

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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.

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.

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

2022 Capital Improvement Program: This fund is used to account for costs associated with major street replacement projects which began in 2022.

City of Fairmont
Combining Balance Sheet -
Nonmajor Capital Projects Funds
December 31, 2022

	Capital Projects			
	Street Improvement Capital Reserve (402)	Fire Truck Replacement (410)	Housing (420)	Community Center (430)
Assets				
Cash and investments	\$ 2,722,245	\$ 794,825	\$ 439,599	\$ 4,311,963
Accounts receivable	63,244	-	-	-
Due from other governments	23,654	28,053	-	-
Due from other funds	174,805	-	-	-
Property taxes receivable	853	2,731	-	-
Special assessments receivable	73,227	-	-	-
Land held for resale	-	-	80,000	-
	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>-</u>
Total assets	<u>\$ 3,058,028</u>	<u>\$ 825,609</u>	<u>\$ 519,599</u>	<u>\$ 4,311,963</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 2,035	\$ -
Due to other funds	-	-	-	-
Due to other governments	-	-	80,000	-
Total liabilities	<u>-</u>	<u>-</u>	<u>82,035</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes and assessments	74,080	2,731	-	-
Advanced appropriations - state shared tax	840,327	-	-	-
Total deferred inflows of resources	<u>914,407</u>	<u>2,731</u>	<u>-</u>	<u>-</u>
Fund Balances				
Restricted	-	-	-	4,311,963
Committed	2,143,621	822,878	437,564	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>2,143,621</u>	<u>822,878</u>	<u>437,564</u>	<u>4,311,963</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,058,028</u>	<u>\$ 825,609</u>	<u>\$ 519,599</u>	<u>\$ 4,311,963</u>

Capital Projects

2019 Capital Improvement Program (479)	Airport Reconstruction Project (450)	Mini Golf Course (881)	2021 Capital Improvement Program (481)	2022 Capital Improvements Prog (482)	Total
\$ 61,023	\$ 297,917	\$ 8,788	\$ 5,914	\$ 98,354	\$ 8,740,628
-	-	-	-	-	63,244
-	175,453	-	-	-	227,160
-	-	-	-	-	174,805
-	-	-	-	-	3,584
-	-	-	-	-	73,227
-	-	-	-	-	80,000
<u>\$ 61,023</u>	<u>\$ 473,370</u>	<u>\$ 8,788</u>	<u>\$ 5,914</u>	<u>\$ 98,354</u>	<u>\$ 9,362,648</u>
\$ 1,823	\$ -	\$ -	\$ -	\$ 59	\$ 3,917
-	-	-	174,805	-	174,805
-	-	-	-	-	80,000
<u>1,823</u>	<u>-</u>	<u>-</u>	<u>174,805</u>	<u>59</u>	<u>258,722</u>
-	-	-	-	-	76,811
-	-	-	-	-	840,327
-	-	-	-	-	917,138
-	-	8,788	-	98,295	4,419,046
-	473,370	-	-	-	3,877,433
59,200	-	-	-	-	59,200
-	-	-	(168,891)	-	(168,891)
<u>59,200</u>	<u>473,370</u>	<u>8,788</u>	<u>(168,891)</u>	<u>98,295</u>	<u>8,186,788</u>
<u>\$ 61,023</u>	<u>\$ 473,370</u>	<u>\$ 8,788</u>	<u>5,914</u>	<u>\$ 98,354</u>	<u>\$ 9,362,648</u>

City of Fairmont
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Capital Projects Funds
Year Ended December 31, 2022

	Capital Projects			
	Street Improvement Capital Reserve (402)	Fire Truck Replacement (410)	Housing (420)	Community Center (430)
Revenues				
General property taxes	\$ 34,347	\$ 63,718	\$ -	\$ -
Miscellaneous taxes	266,405	-	-	-
Intergovernmental	789,676	-	-	-
Special assessments	15,721	-	-	-
Investment income	(134,251)	(29,586)	(16,314)	(122,008)
Miscellaneous	-	-	-	-
Total revenues	<u>971,898</u>	<u>34,132</u>	<u>(16,314)</u>	<u>(122,008)</u>
Expenditures				
Current				
Economic development	-	-	9,473	-
Park and recreation	-	-	-	139,385
Debt service				
Interest and other charges	-	-	-	-
Capital outlay				
Airport	-	-	-	-
Public works	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>9,473</u>	<u>139,385</u>
Excess of revenues over (under) expenditures	971,898	34,132	(25,787)	(261,393)
Other Financing Sources				
Proceeds from sale of capital asset	-	-	45,000	-
Transfers in	-	80,000	-	1,150,832
Transfers out	(577,770)	-	-	-
Total other financing sources (uses)	<u>(577,770)</u>	<u>80,000</u>	<u>45,000</u>	<u>1,150,832</u>
Net change in fund balances	394,128	114,132	19,213	889,439
Fund Balances				
Beginning of year	<u>1,749,493</u>	<u>708,746</u>	<u>418,351</u>	<u>3,422,524</u>
End of year	<u>\$ 2,143,621</u>	<u>\$ 822,878</u>	<u>\$ 437,564</u>	<u>\$ 4,311,963</u>

Capital Projects							
2019 Capital Improvement Program (479)	Airport Reconstruction Project (450)	Inclusive Playground (877)	IPaddle Port (879)	Mini Golf Course (881)	2021 Capital Improvement Program (481)	2022 Capital Improvements Prog (482)	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,065
-	-	-	-	-	-	-	266,405
-	43,176	-	-	-	-	-	832,852
-	-	-	-	-	-	-	15,721
(173)	(11,957)	-	-	-	5,226	(1,935)	(310,998)
-	-	-	-	700	-	-	700
<u>(173)</u>	<u>31,219</u>	<u>-</u>	<u>-</u>	<u>700</u>	<u>5,226</u>	<u>(1,935)</u>	<u>902,745</u>
-	-	-	-	-	-	-	9,473
-	-	50,336	5,000	465	-	-	195,186
89	-	-	-	-	-	42	131
-	50,000	-	-	-	-	-	50,000
16,305	-	-	-	-	31,355	29,728	77,388
<u>16,394</u>	<u>50,000</u>	<u>50,336</u>	<u>5,000</u>	<u>465</u>	<u>31,355</u>	<u>29,770</u>	<u>332,178</u>
(16,567)	(18,781)	(50,336)	(5,000)	235	(26,129)	(31,705)	570,567
-	-	-	-	-	-	-	45,000
-	-	-	-	-	-	130,000	1,360,832
-	-	-	-	-	-	-	(577,770)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,000</u>	<u>828,062</u>
(16,567)	(18,781)	(50,336)	(5,000)	235	(26,129)	98,295	1,398,629
<u>75,767</u>	<u>492,151</u>	<u>50,336</u>	<u>5,000</u>	<u>8,553</u>	<u>(142,762)</u>	<u>-</u>	<u>6,788,159</u>
<u>\$ 59,200</u>	<u>\$ 473,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,788</u>	<u>\$ (168,891)</u>	<u>\$ 98,295</u>	<u>\$ 8,186,788</u>

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Capital Reserve Capital Project Fund
Year Ended December 31, 2022

	2022			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
General property taxes	\$ 803,200	\$ 803,200	\$ 785,502	\$ (17,698)
Intergovernmental	52,500	52,500	235,502	183,002
Investment income	-	-	(17,219)	(17,219)
Total revenues	<u>855,700</u>	<u>855,700</u>	<u>1,003,785</u>	<u>148,085</u>
Expenditures				
Capital outlay				
General government	77,000	77,000	25,201	(51,799)
Public safety	307,700	307,700	135,587	(172,113)
Public works	475,500	475,500	170,412	(305,088)
Airport	50,000	50,000	5,597	(44,403)
Culture and recreation	589,050	589,050	356,643	(232,407)
Total expenditures	<u>1,499,250</u>	<u>1,499,250</u>	<u>693,440</u>	<u>(805,810)</u>
Excess of revenues over (under) expenditures	(643,550)	(643,550)	310,345	953,895
Other Financing Sources (Uses)				
Transfers in	556,550	556,550	430,132	(126,418)
Total other financing sources (uses)	<u>556,550</u>	<u>556,550</u>	<u>430,132</u>	<u>(126,418)</u>
Net change in fund balance	<u>\$ (87,000)</u>	<u>\$ (87,000)</u>	740,477	<u>\$ 827,477</u>
Fund Balance				
Beginning of year			<u>387,270</u>	
End of year			<u>\$ 1,127,747</u>	

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, 2022

	2022			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
General property taxes	\$ 35,412	\$ 35,412	\$ 34,347	\$ (1,065)
Franchise fee	265,000	265,000	266,405	1,405
Special assessments	11,000	11,000	15,721	4,721
Intergovernmental	150,000	150,000	789,676	-
Investment income	15,000	15,000	(134,251)	(149,251)
Total revenues	<u>476,412</u>	<u>476,412</u>	<u>971,898</u>	<u>(144,190)</u>
Other Financing Sources (Uses)				
Transfers out	(130,000)	(130,000)	(577,770)	(447,770)
Total other financing sources (uses)	<u>(130,000)</u>	<u>(130,000)</u>	<u>(577,770)</u>	<u>(447,770)</u>
Net change in fund balance	<u>\$ 346,412</u>	<u>\$ 346,412</u>	394,128	<u>\$ (591,960)</u>
Fund Balance				
Beginning of year			<u>1,749,493</u>	
End of year			<u>\$ 2,143,621</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, 2022

	2022			
	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Over (Under)
Revenues				
General property taxes	\$ 65,000	\$ 65,000	\$ 63,718	\$ (1,282)
Investment income	4,000	4,000	(29,586)	(33,586)
Total revenues	69,000	69,000	34,132	(34,868)
Expenditures				
Capital outlay				
Public safety	300,000	300,000	-	(300,000)
Total expenditures	300,000	300,000	-	(300,000)
Excess of revenues over (under) expenditures	(231,000)	(231,000)	34,132	265,132
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	\$ (151,000)	\$ (151,000)	114,132	\$ 265,132
Fund Balance				
Beginning of year			708,746	
End of year			\$ 822,878	

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Community Center Capital Project Fund
Year Ended December 31, 2022

	2022			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ (122,008)	\$ (122,008)
Total revenues	-	-	(122,008)	(122,008)
Expenditures				
Current				
Culture and recreation	-	-	139,385	139,385
Capital outlay				
Culture and recreation	3,000,000	3,000,000	-	(3,000,000)
Total expenditures	3,000,000	3,000,000	139,385	(2,860,615)
Excess of revenues over (under) expenditures	(3,000,000)	(3,000,000)	(261,393)	2,738,607
Other Financing Sources (Uses)				
Transfers in	930,000	930,000	1,150,832	220,832
Total other financing sources (uses)	930,000	930,000	1,150,832	220,832
Net change in fund balance	<u>\$ (2,070,000)</u>	<u>\$ (2,070,000)</u>	889,439	<u>\$ 2,959,439</u>
Fund Balance				
Beginning of year			<u>3,422,524</u>	
End of year			<u>\$ 4,311,963</u>	

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City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
2022 Capital Improvement Program Capital Project Fund
Year Ended December 31, 2022

	2022		
	Budgeted Amounts		Variance with
	Original	Final	Final Budget -
			Over (Under)
Revenues			
Intergovernmental	\$ 670,000	\$ 670,000	\$ -
Investment income	-	-	(1,935)
Total revenues	670,000	670,000	(671,935)
Expenditures			
Debt service			
Interest and fiscal agent	-	-	42
Capital outlay			
Public works	800,000	800,000	29,728
Total expenditures	800,000	800,000	29,770
Excess of revenues over (under) expenditures	(130,000)	(130,000)	(31,705)
Other Financing Sources (Uses)			
Transfers in	130,000	130,000	130,000
Total other financing sources (uses)	130,000	130,000	130,000
Net change in fund balance	\$ -	\$ -	98,295
Fund Balance			
Beginning of year			-
End of year			\$ 98,295

City of Fairmont
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended December 31, 2022

	2022			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
General property taxes	\$ 3,452,525	\$ 3,452,525	\$ 3,387,719	\$ (64,806)
Lodging taxes	40,000	40,000	40,679	679
Special assessments	-	-	4,779	4,779
Licenses and permits	150,800	150,800	129,810	(20,990)
Intergovernmental revenues				
State - police aid	274,847	274,847	279,521	4,674
State-MSA-street construction and maintenance	30,015	30,015	30,015	-
State- local government aid	3,704,467	3,704,467	3,704,698	231
Other grants and aids	21,672	21,672	1,712	(19,960)
Total intergovernmental revenues	<u>4,031,001</u>	<u>4,031,001</u>	<u>4,015,946</u>	<u>(15,055)</u>
Charges for services				
General government	11,700	11,700	11,641	(59)
Public safety	197,500	197,500	205,383	7,883
Public works	228,076	228,076	230,131	2,055
Parks and recreation	177,000	177,000	190,770	13,770
Total charges for services	<u>614,276</u>	<u>614,276</u>	<u>637,925</u>	<u>23,649</u>
Fines and forfeitures	48,500	48,500	38,112	(10,388)
Investment income	60,000	60,000	(35,782)	(95,782)
Contributions and donations	60,000	60,000	171,721	111,721
Other revenues	129,000	129,000	189,865	60,865
Total miscellaneous	<u>249,000</u>	<u>249,000</u>	<u>325,804</u>	<u>76,804</u>
Total revenues	<u>8,586,102</u>	<u>8,586,102</u>	<u>8,580,774</u>	<u>(5,328)</u>
Expenditures				
General government				
Mayor and council	61,527	61,527	56,139	(5,388)
City administrator	148,455	148,455	151,944	3,489
Elections	33,229	33,229	36,819	3,590
Recording and reporting	78,090	78,090	75,242	(2,848)
Local access channel	18,638	18,638	18,864	226
Accounting	428,634	428,634	400,813	(27,821)
Planning and zoning	215,023	215,023	182,147	(32,876)
General government building	156,380	156,380	158,717	2,337
Library building	86,660	86,660	80,716	(5,944)
Other general government	428,550	428,550	419,344	(9,206)
Total General government	<u>1,655,186</u>	<u>1,655,186</u>	<u>1,580,745</u>	<u>(74,441)</u>

City of Fairmont
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended December 31, 2022

	2022			
	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget -
Public safety				
Administration	\$ 574,886	\$ 574,886	\$ 546,821	\$ (28,065)
Crime control	2,600,362	2,600,362	2,284,889	(315,473)
D.A.R.E. program	2,500	2,500	668	(1,832)
Drug task force	49,500	49,500	49,613	113
Fire fighting	406,501	406,501	434,246	27,745
Building inspection	193,983	193,983	188,115	(5,868)
Civil defense	3,615	3,615	2,513	(1,102)
Animal control	59,139	59,139	173,092	113,953
Total Public safety	<u>3,890,486</u>	<u>3,890,486</u>	<u>3,679,957</u>	<u>(210,529)</u>
Public works				
Paved streets	802,519	802,519	826,297	23,778
Ice and snow removal	338,927	338,927	304,943	(33,984)
Road and bridge equipment	200,645	200,645	237,485	36,840
Street lighting	75,600	75,600	73,875	(1,725)
Engineering	413,657	413,657	349,290	(64,367)
Capital outlay	-	-	-	-
Total Public works	<u>1,831,348</u>	<u>1,831,348</u>	<u>1,791,890</u>	<u>(39,458)</u>
Health and sanitation				
Garbage collection	178,871	178,871	225,095	46,224
Total Health and sanitation	<u>178,871</u>	<u>178,871</u>	<u>225,095</u>	<u>46,224</u>
Culture and recreation				
Parks	1,151,964	1,151,964	1,150,398	(1,566)
Recreation - aquatic park	498,247	498,247	429,638	(68,609)
Total Culture and recreation	<u>1,650,211</u>	<u>1,650,211</u>	<u>1,580,036</u>	<u>(70,175)</u>
Debt Service				
Principal	-	-	9,990	9,990
Interest	-	-	372	372
Total Debt service	<u>-</u>	<u>-</u>	<u>10,362</u>	<u>10,362</u>
Total expenditures	<u>9,206,102</u>	<u>9,206,102</u>	<u>8,868,085</u>	<u>(338,017)</u>
Excess of revenues over (under) expenditures	(620,000)	(620,000)	(287,311)	332,689
Other Financing Sources (Uses)				
Transfers in	825,000	825,000	846,046	21,046
Transfers out	<u>(205,000)</u>	<u>(205,000)</u>	<u>(115,201)</u>	<u>89,799</u>
Total other financing sources (uses)	<u>620,000</u>	<u>620,000</u>	<u>730,845</u>	<u>110,845</u>
Net change in fund balances	-	-	443,534	443,534
Fund Balances				
Beginning of year	<u>7,022,959</u>	<u>7,022,959</u>	<u>7,022,959</u>	<u>-</u>
End of year	<u>\$ 7,022,959</u>	<u>\$ 7,022,959</u>	<u>\$ 7,466,493</u>	<u>\$ 443,534</u>

City of Fairmont
Subcombining Balance Sheet
Debt Service Fund
December 31, 2022

	2012 Refunding Bonds (372)	2015 Improvement Bonds (375)	2016 Refunding Bonds (376)	2017 Improvement Bonds (377)
Assets				
Cash and investments	\$ 20,927	\$ 157,069	\$ 602,113	\$ 358,480
Due from other governments	104,443	70,944	132,422	97,647
Property taxes receivable	12,869	6,017	12,240	7,766
Special assessments receivable				
Delinquent	5,479	3,066	141	783
Deferred	346,771	142,511	95,827	306,234
Total assets	<u>\$ 490,489</u>	<u>\$ 379,607</u>	<u>\$ 842,743</u>	<u>\$ 770,910</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes and assessments	<u>\$ 365,119</u>	<u>\$ 151,594</u>	<u>\$ 108,208</u>	<u>\$ 314,783</u>
Fund Balances				
Restricted				
Debt service	<u>125,370</u>	<u>228,013</u>	<u>734,535</u>	<u>456,127</u>
Total fund balances	<u>125,370</u>	<u>228,013</u>	<u>734,535</u>	<u>456,127</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 490,489</u>	<u>\$ 379,607</u>	<u>\$ 842,743</u>	<u>\$ 770,910</u>

2019 Improvement Bonds (379)	2021A Improvements Bonds (381)	2021B GO Bonds (382)	Total
\$ 297,303	\$ 333,334	\$ 128,799	\$ 1,898,025
81,951	103,338	137,984	728,729
4,560	6,900	7,747	58,099
2,709	24,756	-	36,934
657,977	581,065	-	2,130,385
<u>\$ 1,044,500</u>	<u>\$ 1,049,393</u>	<u>\$ 274,530</u>	<u>\$ 4,852,172</u>
<u>\$ 665,246</u>	<u>\$ 612,721</u>	<u>\$ 7,747</u>	<u>\$ 2,225,418</u>
<u>379,254</u>	<u>436,672</u>	<u>266,783</u>	<u>2,626,754</u>
<u>379,254</u>	<u>436,672</u>	<u>266,783</u>	<u>2,626,754</u>
<u>\$ 1,044,500</u>	<u>\$ 1,049,393</u>	<u>\$ 274,530</u>	<u>\$ 4,852,172</u>

City of Fairmont
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance
Debt Service Fund
Year Ended December 31, 2022

	2012 Refunding Bonds (372)	2015 Improvement Bonds (375)	2016 Refunding Bonds (376)	2017 Improvement Bonds (377)
Revenues				
General property taxes	\$ 199,084	\$ 136,368	\$ 268,677	\$ 188,203
Special assessments	55,476	23,731	96,308	41,794
Investment income	4	(6,070)	(23,335)	(13,857)
Total revenues	<u>254,564</u>	<u>154,029</u>	<u>341,650</u>	<u>216,140</u>
Expenditures				
Debt service				
Principal	580,000	135,000	300,000	175,000
Interest and other charges	1,307	35,881	27,510	60,538
Total expenditures	<u>581,307</u>	<u>170,881</u>	<u>327,510</u>	<u>235,538</u>
Excess of revenues over (under) expenditures	(326,743)	(16,852)	14,140	(19,398)
Other Financing Sources (Uses)				
Transfers in	447,770	-	-	-
Total other financing sources (uses)	<u>447,770</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	121,027	(16,852)	14,140	(19,398)
Fund Balances				
Beginning of year	<u>4,343</u>	<u>244,865</u>	<u>720,395</u>	<u>475,525</u>
End of year	<u>\$ 125,370</u>	<u>\$ 228,013</u>	<u>\$ 734,535</u>	<u>\$ 456,127</u>

2019 Improvement Bonds (379)	2021A Improvements Bonds (381)	2021B GO Bonds (382)	Total
\$ 121,964	\$ 200,182	\$ 311,828	\$ 1,426,306
62,839	45,898	-	326,046
(11,408)	(12,932)	-	(67,598)
<u>173,395</u>	<u>233,148</u>	<u>311,828</u>	<u>1,684,754</u>
145,000	110,000	200,000	1,645,000
71,626	94,477	167,021	458,360
<u>216,626</u>	<u>204,477</u>	<u>367,021</u>	<u>2,103,360</u>
(43,231)	28,671	(55,193)	(418,606)
-	-	321,976	769,746
-	-	<u>321,976</u>	<u>769,746</u>
(43,231)	28,671	266,783	351,140
<u>422,485</u>	<u>408,001</u>	-	<u>2,275,614</u>
<u>\$ 379,254</u>	<u>\$ 436,672</u>	<u>\$ 266,783</u>	<u>\$ 2,626,754</u>

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Debt Service Fund
Year Ended December 31, 2022

	2022			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
General property taxes	\$ 1,457,083	\$ 1,457,083	\$ 1,426,306	\$ (30,777)
Special assessments	322,000	322,000	326,046	4,046
Investment income	9,000	9,000	(67,598)	(76,598)
Total revenues	<u>1,788,083</u>	<u>1,788,083</u>	<u>1,684,754</u>	<u>(76,598)</u>
Expenditures				
Debt service				
Principal	1,755,000	1,755,000	1,645,000	(110,000)
Interest and fiscal agent	513,784	513,784	458,360	(55,424)
Total expenditures	<u>2,268,784</u>	<u>2,268,784</u>	<u>2,103,360</u>	<u>(165,424)</u>
Excess of revenues (under) expenditures	(480,701)	(480,701)	(418,606)	88,826
Other Financing Sources (Uses)				
Transfers in	-	-	769,746	769,746
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>769,746</u>	<u>769,746</u>
Net change in fund balance	<u>\$ (480,701)</u>	<u>\$ (480,701)</u>	351,140	<u>\$ 858,572</u>
Fund Balance				
Beginning of year			<u>2,275,614</u>	
End of year			<u>\$ 2,626,754</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, 2022

	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	\$ 6,690	\$ 98,922	\$ 774,553	\$ 32,939
Due from other funds	-	87,447	-	19,115
Total current assets	<u>6,690</u>	<u>186,369</u>	<u>774,553</u>	<u>52,054</u>
Noncurrent assets				
Capital assets, being depreciated				
Equipment	61,261	-	-	-
Less accumulated depreciation	(22,238)	-	-	-
Net capital assets	<u>39,023</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 45,713</u>	<u>\$ 186,369</u>	<u>\$ 774,553</u>	<u>\$ 52,054</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 1,564	\$ 377	\$ -	\$ -
Salaries payable	8,558	2,090	-	19,223
Due to other funds	2,321	-	-	-
Compensated absences	8,361	-	-	-
Total current liabilities	<u>20,804</u>	<u>2,467</u>	<u>-</u>	<u>19,223</u>
Noncurrent liabilities				
Compensated absences	30,041	-	-	-
Less amount due within one year	(8,361)	-	-	-
Total noncurrent liabilities	<u>21,680</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>42,484</u>	<u>2,467</u>	<u>-</u>	<u>19,223</u>
Net Position				
Net investment in capital assets	39,023	-	-	-
Unrestricted	(35,794)	183,902	774,553	32,831
Total net position	<u>3,229</u>	<u>183,902</u>	<u>774,553</u>	<u>32,831</u>
Total liabilities and net position	<u>\$ 45,713</u>	<u>\$ 186,369</u>	<u>\$ 774,553</u>	<u>\$ 52,054</u>

<u>Data Processing (710)</u>	<u>Total</u>
\$ 9,072	\$ 922,176
-	106,562
<u>9,072</u>	<u>1,028,738</u>

290,372	351,633
<u>(235,994)</u>	<u>(258,232)</u>
54,378	93,401
<u>\$ 63,450</u>	<u>\$ 1,122,139</u>

\$ 1,862	\$ 3,803
-	29,871
-	2,321
-	8,361
<u>1,862</u>	<u>44,356</u>

-	30,041
<u>-</u>	<u>(8,361)</u>
-	21,680
<u>1,862</u>	<u>66,036</u>

54,378	93,401
<u>7,210</u>	<u>962,702</u>
<u>61,588</u>	<u>1,056,103</u>

<u>\$ 63,450</u>	<u>\$ 1,122,139</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, 2022

	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	\$ 237,694	\$ 1,865,735	\$ 341,334	431,930
Other sales and services	37	55,289	-	7,306
Total operating revenues	<u>237,731</u>	<u>1,921,024</u>	<u>341,334</u>	<u>439,236</u>
Operating expenses				
Personnel services	205,967	92	-	-
Materials and supplies	34,918	-	-	-
Professional services	10,580	105,271	6,000	46,064
Insurance premiums and claims paid	-	1,709,033	346,378	466,124
Depreciation	6,126	-	-	-
Total operating expenses	<u>257,591</u>	<u>1,814,396</u>	<u>352,378</u>	<u>512,188</u>
Operating income (loss)	(19,860)	106,628	(11,044)	(72,952)
Nonoperating revenues				
Investment income	<u>(243)</u>	<u>(4,188)</u>	<u>(29,274)</u>	<u>(1,837)</u>
Change in net position	(20,103)	102,440	(40,318)	(74,789)
Net position				
Beginning of year	<u>23,332</u>	<u>81,462</u>	<u>814,871</u>	<u>107,620</u>
End of year	<u>\$ 3,229</u>	<u>\$ 183,902</u>	<u>\$ 774,553</u>	<u>\$ 32,831</u>

Data Processing (710)		Total	
\$	299,185	\$	3,175,878
	-		62,632
	<u>299,185</u>		<u>3,238,510</u>
	-		206,059
	92,984		127,902
	198,156		366,071
	-		2,521,535
	<u>12,220</u>		<u>18,346</u>
	<u>303,360</u>		<u>3,239,913</u>
	(4,175)		(1,403)
	<u>(348)</u>		<u>(35,890)</u>
	(4,523)		(37,293)
	<u>66,111</u>		<u>1,093,396</u>
\$	<u>61,588</u>	\$	<u>1,056,103</u>

City of Fairmont
Statement of Cash Flows - Internal Service Funds
Year Ended December 31, 2022

	Internal Service Funds			
	Central Garage and Equipment (701)	Medical Self- Insurance (703)	Property Equipment and Liability Self- Insurance (704)	Worker's Compensation Self Insurance (705)
Cash Flows - Operating Activities				
Interfund services provided and used	\$ 237,694	\$ 1,865,735	\$ 341,334	\$ 431,930
Payments to suppliers for goods and services	(45,630)	(1,833,090)	(352,378)	(512,937)
Payments to employees for services	(198,768)	(154)	-	-
Other operating revenues	37	55,289	-	7,306
Net cash flows - operating activities	<u>(6,667)</u>	<u>87,780</u>	<u>(11,044)</u>	<u>(73,701)</u>
Cash Flows - Noncapital Financing Activities				
Advances from (to) other funds	54	(3,259)	-	857
Net cash flows - noncapital financing activities	<u>54</u>	<u>(3,259)</u>	<u>-</u>	<u>857</u>
Cash Flows - Investing Activities				
Investment income	(243)	(4,188)	(29,274)	(1,837)
Net cash flows - investing activities	<u>(243)</u>	<u>(4,188)</u>	<u>(29,274)</u>	<u>(1,837)</u>
Net change in cash and cash equivalents	(6,856)	80,333	(40,318)	(74,681)
Cash and Cash Equivalents				
Beginning of year	<u>13,546</u>	<u>18,589</u>	<u>814,871</u>	<u>107,620</u>
End of year	<u>\$ 6,690</u>	<u>\$ 98,922</u>	<u>\$ 774,553</u>	<u>\$ 32,939</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities				
Operating income (loss)	\$ (19,860)	\$ 106,628	\$ (11,044)	\$ (72,952)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Depreciation	6,127	-	-	-
Prepaid items	-	-	-	-
Salaries payable	1,426	(62)	-	-
Accounts payable	(132)	(18,786)	-	(749)
Compensated absences payable	5,772	-	-	-
Total adjustments	<u>13,193</u>	<u>(18,848)</u>	<u>-</u>	<u>(749)</u>
Net cash flows - operating activities	<u>\$ (6,667)</u>	<u>\$ 87,780</u>	<u>\$ (11,044)</u>	<u>\$ (73,701)</u>

Internal Service Funds

Data Processing (710)	Total
\$ 299,185	\$ 3,175,878
(300,528)	(3,044,563)
-	(198,922)
-	62,632
<u>(1,343)</u>	<u>(4,975)</u>
-	(2,348)
-	<u>(2,348)</u>
<u>(348)</u>	<u>(35,890)</u>
<u>(348)</u>	<u>(35,890)</u>
(1,691)	(43,213)
<u>10,763</u>	<u>965,389</u>
<u>\$ 9,072</u>	<u>\$ 922,176</u>
\$ (4,175)	\$ (1,403)
12,220	18,347
1,316	1,316
-	1,364
(10,704)	(30,371)
-	5,772
<u>2,832</u>	<u>(3,572)</u>
<u>\$ (1,343)</u>	<u>\$ (4,975)</u>

City of Fairmont
Economic Development Authority
Discretely Presented Component Unit
Balance Sheet/Net Position
December 31, 2022

Assets

Cash and investments	\$ 564,304
Due from other governments	53,213
Property taxes receivable	<u>4,411</u>
Total assets	<u><u>\$ 621,928</u></u>

Liabilities

Accounts payable	\$ 4,020
Due to other governments	266
Salaries and benefits payable	<u>5,106</u>
Total liabilities	<u>9,392</u>

Deferred Inflows of Resources

Unavailable revenue - taxes	<u>4,411</u>
	<u>4,411</u>

Fund Balances

Assigned	<u>608,125</u>
Total fund balances	<u>608,125</u>

Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 621,928</u></u>
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Total fund balances - governmental funds	\$ 608,125
--	------------

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.

OPEB Liability	(5,215)
Net pension liability	(41,612)
Sick Leave/severance payable	(5,016)

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

Delinquent Property taxes receivable	4,411
--------------------------------------	-------

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

Deferred inflows of resources related to Pensions	(1,280)
Deferred outflows of resources related to Pensions	12,029
Deferred inflows of resources related to OPEB	(278)
Deferred outflows of resources related to OPEB	<u>960</u>

Total net position - governmental activities	<u><u>\$ 572,124</u></u>
--	--------------------------

City of Fairmont
Economic Development Authority
Discretely Presented Component Unit
Statement of Revenues, Expenditures and Changes in Fund Balances/Net Position
Year Ended December 31, 2022

	Special Revenue
Revenues	
General property taxes	\$ 98,122
Payments from City	115,000
Investment income	(22,391)
Miscellaneous	85,621
Total revenues	<u>276,352</u>
Expenditures	
Current	
Economic development	157,107
Total expenditures	<u>157,107</u>
Net change in fund balances	119,245
Fund Balances	
Beginning of year	488,880
End of year	<u>\$ 608,125</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances	\$ 119,245
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	(906)
Post employment benefits other than pension costs	4,117
Pension expense	39,823
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	<u>1,315</u>
Change in net position - governmental activities	<u>\$ 163,594</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, 2022

	2022			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
General property taxes	\$ 100,000	\$ 100,000	\$ 98,122	\$ (1,878)
Payment from Primary Government	115,000	115,000	115,000	-
Investment income	3,500	3,500	(22,391)	(25,891)
Miscellaneous	29,100	29,100	85,621	56,521
Total revenues	<u>247,600</u>	<u>247,600</u>	<u>276,352</u>	<u>28,752</u>
Expenditures				
Current				
Economic development	247,600	247,600	157,107	(90,493)
Total expenditures	<u>247,600</u>	<u>247,600</u>	<u>157,107</u>	<u>(90,493)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	119,245	<u>\$ 119,245</u>
Fund Balance				
Beginning of year			<u>488,880</u>	
End of year			<u>\$ 608,125</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			
	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	\$ 38,956,915	\$ 40,916,624	\$ 41,232,320	\$ 42,677,369
Restricted	9,957,243	12,265,446	12,367,042	9,958,778
Unrestricted	<u>7,610,856</u>	<u>1,550,558</u>	<u>2,908,794</u>	<u>3,969,515</u>
Total governmental activities net position	<u>\$ 56,525,014</u>	<u>\$ 54,732,628</u>	<u>\$ 56,508,156</u>	<u>\$ 56,605,662</u>
Business-type activities:				
Net investment in capital assets	\$ 32,805,088	\$ 33,735,220	\$ 33,949,598	\$ 34,422,093
Unrestricted	<u>12,142,960</u>	<u>11,263,786</u>	<u>12,197,684</u>	<u>13,095,940</u>
Total business-type activities net position	<u>\$ 44,948,048</u>	<u>\$ 44,999,006</u>	<u>\$ 46,147,282</u>	<u>\$ 47,518,033</u>
Primary government:				
Net investment in capital assets	\$ 71,762,003	\$ 74,651,844	\$ 75,181,918	\$ 77,099,462
Restricted	9,957,243	12,265,446	12,367,042	9,958,778
Unrestricted	<u>19,753,816</u>	<u>12,814,344</u>	<u>15,106,478</u>	<u>17,065,455</u>
Total primary government net position	<u>\$ 101,473,062</u>	<u>\$ 99,731,634</u>	<u>\$ 102,655,438</u>	<u>\$ 104,123,695</u>

Table 1

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 43,687,451	\$ 44,638,223	\$ 45,287,689	\$ 52,870,737	\$ 52,991,433	\$ 54,981,501
9,971,329	10,334,955	11,341,318	9,169,911	10,520,920	12,019,911
4,619,117	5,821,059	7,709,809	8,528,250	11,493,457	9,843,230
<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>	<u>\$ 76,844,642</u>
\$ 35,673,883	\$ 36,725,415	\$ 37,160,916	\$ 37,663,308	\$ 40,693,595	\$ 45,157,937
13,113,654	13,378,042	14,848,110	15,633,914	15,013,228	11,763,015
<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>	<u>\$ 56,920,952</u>
\$ 79,361,334	\$ 81,363,638	\$ 82,448,605	\$ 90,534,045	\$ 93,685,028	\$ 100,139,438
9,971,329	10,334,955	11,341,318	9,169,911	10,520,920	12,019,911
17,732,771	19,199,101	22,557,919	24,162,164	26,506,685	21,606,245
<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>	<u>\$ 133,765,594</u>

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

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities:				
General government	\$ 1,232,309	\$ 1,143,844	\$ 1,216,566	\$ 1,315,890
Public safety	3,210,448	3,035,606	2,717,662	3,806,893
Public works	3,286,029	2,566,565	3,128,949	2,787,405
Health and sanitation	95,337	132,693	100,740	138,831
Culture and recreation	1,362,430	1,520,715	1,584,291	1,643,560
Housing and economic development	233,503	228,869	268,442	362,330
Airport and lake restoration	573,647	760,332	728,443	910,637
Interest on long-term debt	674,359	446,355	477,400	323,637
Total governmental activities expenses	<u>10,668,062</u>	<u>9,834,979</u>	<u>10,222,493</u>	<u>11,289,183</u>
Business-type activities:				
Electric	13,983,971	13,617,700	13,285,756	14,297,048
Water	2,675,602	2,489,640	3,279,741	3,547,150
Wastewater	1,932,731	1,811,386	1,818,529	1,745,686
Storm Sewer	367,738	421,155	453,463	437,661
Liquor	2,898,764	2,950,980	3,035,247	3,134,956
Parking lot	4,830	4,663	5,252	6,432
Total business-type activities expenses	<u>21,863,636</u>	<u>21,295,524</u>	<u>21,877,988</u>	<u>23,168,933</u>
Total primary government expenses	<u>\$ 32,531,698</u>	<u>\$ 31,130,503</u>	<u>\$ 32,100,481</u>	<u>\$ 34,458,116</u>
Program revenues				
Governmental activities:				
Charges for services:				
General Government	\$ 207,868	\$ 223,894	\$ 218,618	\$ 206,187
Public safety	157,367	173,616	267,438	229,177
Public works	3,141	1,177	3,327	7,995
Health and sanitation	103,531	98,879	142,225	162,841
Culture and recreation	164,170	167,287	185,412	188,734
Housing and economic development	69,947	76,418	83,675	75,017
Airport and lake restoration	261,149	511,424	517,193	491,669
Operating grants and contributions	407,550	285,926	369,600	413,384
Capital grants and contributions	6,144,669	2,031,172	824,310	890,243
Total governmental activities program revenues	<u>7,519,392</u>	<u>3,569,793</u>	<u>2,611,798</u>	<u>2,665,247</u>
Business-type activities:				
Charges for services:				
Electric	14,675,757	14,742,850	14,599,368	15,375,663
Water	3,338,756	3,299,993	3,359,568	3,502,969
Wastewater	2,542,395	2,602,355	2,349,903	2,389,450
Storm Sewer	587,188	583,369	582,566	581,011
Liquor	3,392,791	3,446,532	3,597,659	3,684,982
Parking lot	4,797	4,837	5,773	5,708
Operating grants and contributions	-	-	-	-
Capital grants and contributions	200,172	7,429	(97)	10,227
Total business-type activities program revenues	<u>24,741,856</u>	<u>24,687,365</u>	<u>24,494,740</u>	<u>25,550,010</u>
Total primary government program revenues	<u>\$ 32,261,248</u>	<u>\$ 28,257,158</u>	<u>\$ 27,106,538</u>	<u>\$ 28,215,257</u>
Net (expense) revenue:				
Governmental activities	\$ (3,148,670)	\$ (6,265,186)	\$ (7,610,695)	\$ (8,623,936)
Business-type activities	2,878,220	3,391,841	2,616,752	2,381,077
Total primary government net (expense) revenue	<u>(270,450)</u>	<u>(2,873,345)</u>	<u>(4,993,943)</u>	<u>(6,242,859)</u>

Table 2
Page 1 of 2
Continued

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 1,389,155	\$ 1,538,761	\$ 1,750,444	\$ 1,679,698	\$ 1,615,297	\$ 1,864,469
3,598,787	3,490,270	3,782,782	3,539,488	3,585,369	4,205,479
2,988,471	3,036,945	3,373,265	3,081,028	3,293,994	3,393,005
148,959	138,077	181,175	216,896	204,292	225,095
1,758,014	1,762,810	1,819,283	1,737,963	2,034,107	2,174,763
387,295	302,442	490,126	491,859	517,771	735,369
918,959	1,009,453	995,295	885,655	1,098,169	1,203,271
313,947	266,725	322,878	302,302	555,988	370,984
11,503,587	11,545,483	12,715,248	11,934,889	12,904,987	14,172,435
14,731,070	14,995,845	14,081,962	13,764,261	14,175,739	14,671,339
3,541,198	3,600,037	3,571,287	3,680,766	5,024,462	4,496,190
1,876,476	1,812,529	2,049,917	2,058,940	2,126,433	2,770,476
482,469	461,741	489,681	508,968	534,306	569,226
3,181,621	3,210,279	3,285,606	3,915,279	3,790,799	3,899,070
8,180	7,389	4,911	5,482	8,044	5,343
23,821,014	24,087,820	23,483,364	23,933,696	25,659,783	26,411,644
\$ 35,324,601	\$ 28,278,667	\$ 28,499,332	\$ 35,868,585	\$ 38,564,770	\$ 40,584,079
\$ 200,395	\$ 239,759	\$ 252,598	\$ 182,358	\$ 174,087	\$ 219,054
351,871	309,577	350,116	509,698	375,615	334,418
13,080	13,302	1,522	1,971	230,797	235,544
161,680	137,360	132,938	143,764	-	-
184,505	171,529	180,093	94,547	206,067	187,225
84,399	87,680	74,431	102,786	55,532	63,391
471,129	470,217	434,297	371,959	445,982	610,819
340,258	613,636	384,501	1,390,641	1,094,279	859,007
2,200,736	1,216,811	2,173,779	3,218,377	3,180,559	1,147,166
4,008,053	3,259,871	3,984,275	6,016,101	5,762,918	3,656,624
15,866,026	16,405,873	15,956,156	15,104,950	15,371,028	15,368,438
3,494,693	3,521,529	3,549,845	3,850,371	4,657,030	5,187,509
2,334,393	2,305,792	2,291,403	2,381,915	2,637,253	3,074,724
582,584	581,475	587,415	589,732	597,970	589,586
3,685,869	3,809,557	3,859,070	4,632,806	4,551,527	4,541,326
6,749	6,480	6,480	7,200	8,165	8,525
-	-	-	-	545,695	327,931
44,417	1,460	11,002	-	300,252	293,752
26,014,731	26,632,166	26,261,371	26,566,974	28,668,920	29,391,791
\$ 30,022,784	\$ 14,078,414	\$ 15,071,179	\$ 32,583,075	\$ 34,431,838	\$ 33,048,415
\$ (7,495,534)	\$ (8,285,612)	\$ (8,730,973)	\$ (5,918,788)	\$ (7,142,069)	\$ (10,515,811)
2,193,717	2,544,346	2,778,007	2,633,278	3,009,137	2,980,147
(5,301,817)	(5,741,266)	(5,952,966)	(3,285,510)	(4,132,932)	(7,535,664)

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

	Fiscal Year			
	2013	2014	2015	2016
General revenues and other changes in net position				
Governmental activities:				
Taxes:				
Property taxes, levied for general purposes	\$ 1,975,108	\$ 2,153,651	\$ 2,297,072	\$ 2,556,358
Property taxes, levied for debt service	1,153,660	1,094,331	1,025,796	1,074,582
Tax increments	-	27,020	67,165	74,173
Sales tax	-	-	-	-
Hotel-motel tax	-	-	-	-
Franchise taxes	36,205	36,927	38,294	39,526
Unrestricted grants and contributions	3,918,992	3,789,473	3,691,778	3,646,550
Investment earnings (loss)	(14,237)	170,917	94,493	138,795
Other revenues	17,052	33,139	567,451	13,141
Gain (Loss) on disposal of capital assets	3,241	69,662	38,485	28,684
Transfers	1,128,562	964,632	1,565,689	1,149,633
Total governmental activities	<u>8,218,583</u>	<u>8,339,752</u>	<u>9,386,223</u>	<u>8,721,442</u>
Business-type activities:				
Investment earnings	53,461	89,997	97,213	139,307
Transfers	(1,128,562)	(964,632)	(1,565,689)	(1,149,633)
Total business-type activities	<u>(1,075,101)</u>	<u>(874,635)</u>	<u>(1,468,476)</u>	<u>(1,010,326)</u>
Total primary government	<u>\$ 7,143,482</u>	<u>\$ 7,465,117</u>	<u>\$ 7,917,747</u>	<u>\$ 7,711,116</u>
Change in net position:				
Governmental activities	\$ 5,069,913	\$ 2,074,566	\$ 1,775,528	\$ 97,506
Business-type activities	<u>1,803,119</u>	<u>2,517,206</u>	<u>1,148,276</u>	<u>1,370,751</u>
Total primary government	<u>\$ 6,873,032</u>	<u>\$ 4,591,772</u>	<u>\$ 2,923,804</u>	<u>\$ 1,468,257</u>

Table 2
Page 2 of 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 2,912,776	\$ 3,295,022	\$ 3,397,379	\$ 4,041,498	\$ 4,402,101	\$ 4,428,005
1,003,754	1,124,959	1,167,838	1,171,872	1,152,909	1,426,306
92,094	139,090	169,900	165,387	183,749	175,478
175,477	740,471	927,291	969,829	1,097,896	1,171,835
-	-	173,068	115,865	163,305	170,165
40,696	41,480	41,438	40,975	279,305	307,084
3,469,459	3,614,236	3,492,561	3,630,935	3,695,477	4,015,623
182,987	158,834	526,019	264,971	(49,007)	(599,784)
9,459	15,278	36,008	78,889	-	-
193,935	199,334	82,500	13,649	90,864	45,000
1,087,132	1,385,000	1,338,000	1,655,000	562,382	1,214,931
9,167,769	10,713,704	11,352,002	12,148,870	11,578,981	12,354,643
162,919	255,218	465,562	309,918	(37,154)	(551,087)
(1,087,132)	(1,385,000)	(1,338,000)	(1,655,000)	(562,382)	(1,214,931)
(924,213)	(1,129,782)	(872,438)	(1,345,082)	(599,536)	(1,766,018)
<u>\$ 8,243,556</u>	<u>\$ 9,583,922</u>	<u>\$ 10,479,564</u>	<u>\$ 10,803,788</u>	<u>\$ 10,979,445</u>	<u>\$ 10,588,625</u>
\$ 1,672,235	\$ 2,428,092	\$ 2,621,029	\$ 6,230,082	\$ 4,436,912	\$ 1,838,832
1,269,504	1,414,564	1,905,569	1,288,196	2,409,601	1,214,129
<u>\$ 2,941,739</u>	<u>\$ 3,842,656</u>	<u>\$ 4,526,598</u>	<u>\$ 7,518,278</u>	<u>\$ 6,846,513</u>	<u>\$ 3,052,961</u>

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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					
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
2022	4,428,005	1,426,306	175,478	1,171,835	170,165	307,084	7,678,873

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

		Fiscal Year			
		2013	2014	2015	2016
General Fund:					
Nonspendable	\$	205,000	\$ -	\$ -	\$ 787
Committed		135,575	134,658	151,622	151,622
Assigned		989,402	1,766,336	2,739,131	2,739,131
Unassigned:		3,225,036	3,406,365	3,488,001	4,100,400
Total general fund		<u>\$ 4,555,013</u>	<u>\$ 5,307,359</u>	<u>\$ 6,378,754</u>	<u>\$ 6,991,940</u>
All other governmental funds:					
Nonspendable	\$	3,200	\$ 3,200	\$ -	\$ -
Restricted		12,731,158	10,843,720	11,337,886	10,818,055
Committed		604,172	1,322,943	1,082,705	1,110,270
Assigned		2,045,307	105,406	207,420	364,986
Unassigned		(10,218)	(109,734)	(2,850)	(764,003)
Total all other governmental funds		<u>\$ 15,373,619</u>	<u>\$ 12,165,535</u>	<u>\$ 12,625,161</u>	<u>\$ 11,529,308</u>

Table 4

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ -	\$ -	\$ 190	\$ -	\$ -	\$ -
29,122	79,222	80,912	94,412	214,564	285,017
3,279,918	3,807,630	6,817,619	4,534,775	5,360,813	5,927,303
3,940,674	3,976,673	1,048,750	1,512,473	1,447,582	1,254,173
<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>	<u>\$ 7,466,493</u>
\$ -	\$ -	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,400
8,618,602	8,264,773	7,589,109	7,048,832	8,241,473	9,665,146
940,810	1,179,486	3,596,589	3,437,546	7,694,618	6,265,199
497,183	502,064	140,827	2,773,840	75,767	59,200
(125,281)	(177,718)	(196,313)	(375,964)	(142,762)	(178,891)
<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>	<u>\$ 15,814,054</u>

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

	Fiscal Year			
	2013	2014	2015	2016
Revenues:				
Taxes	\$ 3,153,610	\$ 3,307,262	\$ 3,448,929	\$ 3,768,410
Special assessments	815,756	674,620	589,366	459,825
Intergovernmental	9,716,414	5,786,044	4,313,685	4,831,630
Licenses and permits	134,360	149,066	213,922	155,757
Charges for services	416,091	668,623	799,346	830,732
Fines and forfeitures	55,394	66,829	56,129	55,554
Investment earnings	(19,866)	165,770	86,920	127,993
Miscellaneous	565,643	429,845	974,449	411,293
Total revenues	<u>14,837,402</u>	<u>11,248,059</u>	<u>10,482,746</u>	<u>10,641,194</u>
Expenditures:				
Current:				
General government	1,196,929	1,041,291	1,218,580	1,133,899
Public safety	2,981,980	2,902,658	3,016,290	3,079,878
Public works	1,862,369	1,968,489	2,053,662	2,038,305
Cultural and recreation	1,283,893	1,419,270	1,330,948	1,319,819
Housing and economic development	134,378	262,042	199,147	283,659
Capital outlay	7,612,851	2,286,066	3,452,739	3,058,970
Debt service:				
Principal retirement	1,410,000	4,650,000	1,230,000	3,780,000
Interest	544,346	504,376	408,708	390,173
Total expenditures	<u>17,026,746</u>	<u>15,034,192</u>	<u>12,910,074</u>	<u>15,084,703</u>
Revenues under expenditures	<u>(2,189,344)</u>	<u>(3,786,133)</u>	<u>(2,427,328)</u>	<u>(4,443,509)</u>

Table 5
Page 1 of 2

Fiscal Year						
2017	2018	2019	2020	2021	2022	
\$ 4,207,083	\$ 5,332,614	\$ 5,861,225	\$ 6,506,028	\$ 7,217,041	\$ 7,595,746	
721,283	401,223	472,874	499,423	593,397	346,546	
5,115,057	5,249,736	4,562,311	9,346,207	6,719,627	5,644,557	
171,720	161,590	200,446	334,988	167,640	129,810	
913,191	993,274	947,814	840,613	1,098,755	1,247,713	
55,221	56,420	59,930	42,131	49,592	38,112	
170,377	140,360	492,652	245,522	(47,151)	(578,014)	
504,388	511,051	541,506	289,901	550,092	426,808	
11,858,320	12,846,268	13,138,758	18,104,813	16,348,993	14,851,278	
1,240,887	1,438,470	1,615,228	1,645,448	1,487,700	1,580,745	
3,247,776	3,460,352	3,493,881	3,387,809	3,689,336	3,679,957	
2,092,697	2,345,194	2,436,789	2,286,972	2,443,402	2,710,615	
1,377,943	1,413,771	1,444,480	1,396,900	1,541,398	1,792,635	
319,018	241,698	418,073	440,300	468,773	684,975	
5,012,448	2,177,252	4,624,350	8,864,130	12,430,133	3,163,137	
3,730,000	2,430,000	1,465,000	1,470,000	1,635,000	1,654,990	
333,112	302,763	251,071	333,672	483,581	458,863	
17,353,881	13,809,500	15,748,872	19,825,231	24,179,323	15,725,917	
(5,495,561)	(963,232)	(2,610,114)	(1,720,418)	(7,830,330)	(874,639)	

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

	Fiscal Year			
	2013	2014	2015	2016
Other financing sources (uses):				
Proceeds on sale of capital assets	\$ 9,183	\$ 69,662	\$ 38,485	\$ 28,684
Transfers in	1,822,851	989,632	2,366,802	1,734,065
Transfers out	(694,289)	(25,000)	(801,113)	(584,432)
Issuance of refunding bonds	-	-	-	-
Payments to refunding escrow agent	-	-	-	-
Bonds issued	1,715,000	-	2,330,000	2,715,000
Premium (discount) on bonds issued	30,373	-	24,175	67,525
Total other financing sources (uses)	<u>2,883,118</u>	<u>1,034,294</u>	<u>3,958,349</u>	<u>3,960,842</u>
Net change in fund balance	<u>\$ 693,774</u>	<u>\$ (2,751,839)</u>	<u>\$ 1,531,021</u>	<u>\$ (482,667)</u>
Debt service as a percentage of noncapital expenditures	20.8%	40.4%	17.3%	34.7%

Table 5
Page 2 of 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 43,435	\$ 29,334	\$ -	\$ 13,649	\$ 90,864	\$ 45,000
4,520,394	2,832,281	5,067,480	11,474,061	3,589,257	3,441,756
(3,433,262)	(1,447,281)	(3,729,480)	(9,819,061)	(1,516,469)	(2,226,825)
-	-	-	-	988,097	-
-	-	-	-	(980,000)	-
2,950,000	-	2,600,000	-	9,226,903	-
74,774	-	119,809	-	297,819	-
4,155,341	1,414,334	4,057,809	1,668,649	11,696,471	1,259,931
<u>\$ (1,340,220)</u>	<u>\$ 451,102</u>	<u>\$ 1,447,695</u>	<u>\$ (51,769)</u>	<u>\$ 3,866,141</u>	<u>\$ 385,292</u>
32.9%	23.5%	15.4%	16.5%	18.0%	16.9%

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
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
2022	5,854,311	175,478	1,171,835	307,084	7,508,708

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						
2022	\$ 649,624,626	\$ 223,376,600	\$ 39,601,704	\$ 7,704,400	\$ 920,307,330	59.112	\$ 985,522,900	93.38 %
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

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		
2022	45.212	13.900	59.112	36.805	1.270	38.075	8.581	13.306	21.887	0.332	119.406
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

Source: Martin County Assessors' Office.

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

Table 9

Taxpayer	Type of Business	2022			2013		
		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	\$ 29,748,300	1	3.2 %	\$ 15,179,700	2	2.7 %
Green Plains Fairmont LLC	Ethanol Manufacturing	16,616,800	2	1.8	24,305,300	1	4.3
SMPMA	Utilities	8,313,200	3	0.9	-		-
Mayo Health Systems-Fairmont	Medical Facility	7,924,100	4	0.9	5,400,600	4	0.9
Goldfinch Estates	Assisted Living	12,975,100	5	1.4	7,974,600	5	1.4
Wal-Mart	Retail	6,427,300	6	0.7	11,123,300	3	1.9
Minnesota Energy Resources	Utilities	6,220,100	7	0.7	-		-
Bank Midwest	Banking	5,127,900	8	0.6	2,668,400	10	0.5
Fairmont Foods	Food Processing	5,732,000	9	0.6	-		-
Weigh-Tronix, Inc.	Scale Manufacturing	4,654,600	10	0.5	3,698,800	6	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
Total		<u>\$ 103,739,400</u>		<u>11.3 %</u>	<u>\$ 79,413,600</u>		<u>13.9 %</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
2022	\$ 5,988,220	\$ 5,825,738	97.3 %	\$ -	\$ 5,825,738	97.3 %
2021	5,667,794	5,537,191	97.7	54,036	5,591,227	98.6
2020	5,305,980	5,238,975	98.7	38,231	5,277,206	99.5
2019	4,712,867	4,642,968	98.5	64,507	4,707,475	99.9
2018	4,537,870	4,485,200	98.8	48,531	4,533,731	99.9
2017	4,049,030	4,000,995	98.8	45,133	4,046,128	99.9
2016	3,714,706	3,680,130	99.1	32,227	3,712,357	99.9
2015	3,410,035	3,372,606	98.9	36,859	3,409,465	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	57,268	3,213,965	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	Lease Obligation	Storm Sewer Bonds	General Obligation Revenue Bonds				
2022	\$ 6,821,084	\$ 11,458,613	\$ 15,301	\$ -	\$ 23,855,407	\$ 42,150,405	1.85 %	12.24 %	\$ 3,996
2021	7,025,151	12,930,546	-	-	24,896,737	44,852,434	2.34	13.86	4,306
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	12.72	3,931
2018	-	12,341,734	-	622,878	28,019,000	40,983,612	1.62	12.81	3,976
2017	-	14,791,279	-	814,967	29,530,000	45,136,246	2.02	15.17	4,369
2016	-	15,553,250	-	1,002,055	31,012,000	47,567,305	2.17	15.88	4,595
2015	-	16,628,375	-	1,179,144	32,466,495	50,274,014	2.41	17.58	4,824
2014	-	15,513,284	-	1,356,232	33,815,421	50,684,937	2.24	18.24	4,844
2013	-	20,171,849	-	1,528,321	34,200,762	55,900,932	3.11	20.44	5,327

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, 2022

Table 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
City of Fairmont	\$ 18,294,998	100.00 %	\$ 18,294,998
Total direct debt	<u>18,294,998</u>		<u>18,294,998</u>
Martin County	22,088,000	18.03	3,982,466
Independent School District No. 2752	35,000,000	50.11	17,538,500
Total overlapping debt	<u>57,088,000</u>		<u>21,520,966</u>
Total direct and overlapping debt	<u>\$ 75,382,998</u>		<u>\$ 39,815,964</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			
	2022	2021	2020	2019
Debt Limit	\$ 27,609,220	\$ 23,470,512	\$ 21,264,642	\$ 20,566,395
Total net debt applicable to limit	<u>6,735,000</u>	<u>6,935,000</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 20,874,220</u>	<u>\$ 16,535,512</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>24.4</u>	<u>29.5</u>	<u>-</u>	<u>-</u>

Legal Debt Margin Calculation for Fiscal Year 2020

Market value	\$ 920,307,330
Debt limit (3% of total assessed value)	<u>27,609,220</u>
Debt applicable to limit	
General obligation bonds	6,735,000
Less Amount set aside for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>6,735,000</u>
Legal debt margin	<u>\$ 20,874,220</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					
2018	2017	2016	2015	2014	203
\$ 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

Year		Utility Revenue Bonds						
		Gross Revenue	Direct Operating Expenses ⁽³⁾	Net Revenue Available for Debt Service	Debt Service Requirements ⁽⁴⁾			Coverage
					Principal	Interest	Total	
2022	⁽¹⁾	\$ 8,943,050	\$ 5,360,656	\$ 3,582,394	\$ 1,709,479	\$ 517,556	\$ 2,227,035	1.61
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

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)
2022	10,549	\$ 32,648	\$ 344,403,752	45.6	1,727	3 %
2021	10,417	31,063	323,583,271	46.3	1,687	2.5
2020	10,487	29,814	312,659,418	46.3	1,630	3.9
2019	10,299	30,900	318,239,100	44.0	1,694	3.4
2018	10,307	31,042	319,949,894	44.5	1,711	3.6
2017	10,332	28,797	297,530,604	45.9	1,681	3.5
2016	10,353	28,930	299,512,290	46.0	1,696	3.9
2015	10,421	27,443	285,983,503	45.8	1,695	4.5
2014	10,464	26,550	277,819,200	45.5	1,696	4.1
2013	10,494	26,065	273,526,110	46.4	1,699	4.4

^(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	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fairmont Foods of Minnesota	325	1	3.47 %	350	3	3.33 %
Weigh-Tronix Scale Manufacturing	305	2	3.26	400	2	3.81
Fairmont Mayo Health Systems	300	3	3.20	600	1	5.71
ISD 2752	300	4	3.20	240	5	2.28
REM Heartland	250	5	2.67	200	8	1.90
Hy-Vee	240	6	2.56	200	7	1.90
Torgerson Properties	218	7	2.33	275	4	2.62
Preferred Capital Management	194	8	2.07	-		-
Wal-Mart	191	9	2.04	195	9	1.86
Lakeview Health Care Facility	167	10	1.78	215	6	2.05
3M	-		-	180	10	1.71
Total	2,490		26.58 %	2,855		27.17 %

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government	9	11	11	11	11	11	10	11	11	11
Public Safety										
Police										
Officers	16	17	18	18	18	18	15	16	16	16
Civilians	2	2	2	2	2	2	2	2	2	2
Streets and Highways										
Engineering	3	4	4	4	4	4	4	3	3	4
Maintenance	11	11	11	11	11	10	10	10	10	10
Culture and Recreation										
Parks	10	10	10	10	10	10	10	9	9	8
Housing and Economic Development	3	3	3	3	4	4	4	3	3	2
Water	10	10	11	11	11	12	12	12	11	10
Sewer	5	5	5	5	5	5	5	5	5	6
Electric	10	10	10	9	11	11	11	11	11	12
Liquor Store	3	3	3	3	3	3	3	3	3	3
Airport	1	1	1	1	1	1	1	1	1	-
Total	<u>83</u>	<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>

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Police										
Adult arrests	932	910	755	1,269	1,320	1,086	916	979	1,310	1,178
Juvenile arrests	88	39	61	128	86	89	69	87	74	54
Fire										
Number of fire calls answered	131	102	87	102	95	104	103	119	114	126
Number of rescue calls answered	54	33	35	35	36	40	34	19	17	22
Highways and Streets										
Street resurfacing (miles)	1	6	1	5	1	4	1	5	3	4
Culture and Recreation										
Attendance at water park	21,060	20,908	11,898	20,747	21,691	21,852	25,585	25,336	22,771	22,400
Water										
Annual water consumption (thousands of gallons)	414,800	389,325	348,032	345,631	359,856	371,690	375,715	367,127	354,293	414,121
Wastewater										
Annual treatment flows (thousands of gallons)	457,490	453,720	558,330	758,520	778,920	586,820	673,240	490,670	475,036	468,170
Electric										
Annual KWH electricity sold (thousands of kwh)	144,773	144,242	141,697	144,833	150,728	146,088	147,048	142,562	147,322	148,187

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					
	2022	2021	2020	2019	2018	2017
Public Safety						
Police						
Stations	1	1	1	1	1	1
Full-time paid police	16	17	18	18	18	18
Part-time paid police	3	2	2	2	2	2
Civilian employees	2	2	2	2	2	2
Fire						
Stations	1	1	1	1	1	1
Volunteer fire fighters	28	27	29	28	32	32
Hydrants	562	562	556	556	556	556
I.S.O. Rating	5	5	5	5	5	5
Public Works						
Street division						
Miles of street	75	75	74	74	74	74
Percent of paved streets	97	97	97	97	9700%	96%
Signalized intersections	9	9	9	10	10	10
Roundabouts	1	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	1	3	3	3	3	3
Mini Golf (18 holes)	1	1	1	1	-	-
Disc Golf (54 holes)	1	1	1	1	1	1
Swimming areas	1	2	2	2	2	2
Tennis courts	1	2	2	2	2	2
Volleyball courts	5	5	5	5	2	2
Pickleball courts	2	-	-	-	-	-
Utilities						
Municipal water						
Consumers	4,515	4,501	4,449	4,435	4,433	4,430
Average daily consumption	1,297,400	1,245,642	1,231,170	1,217,150	1,238,544	1,220,239
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	85	84	84	84	84
Municipal wastewater treatment						
Average daily treatment	1,250,833	1,242,500	1,523,333	2,070,833	2,131,667	1,608,333
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	79	81	81	81	81
Storm drains						
Miles of storm sewer	61	61	56	56	41	41
Holding ponds	13	13	13	13	9	9
Parking System						
Off-street parking						
Off street lots	7	7	7	7	7	7
Employees						
Supervisors	9	10	10	10	10	10
Union employees	58	61	61	62	63	64
Other employees	16	16	18	16	18	17
Total Employees	83	87	89	88	91	91

Source: City of Fairmont Records

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

Table 19

Fiscal Year			
2016	2015	2014	2013
1	1	1	1
14	15	15	16
2	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	29	26	26
560	560	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
-	-	-	-
4,435	4,423	4,410	4,426
1,265,344	1,238,628	970,665	1,134,577
5,400,000	5,400,000	5,400,000	5,400,000
4,800,000	4,800,000	4,800,000	4,800,000
84	83	83	83
1,836,667	1,342,500	1,301,468	1,282,658
11,500,000	11,500,000	11,500,000	11,500,000
81	80	80	80
41	41	41	41
9	8	8	8
7	7	7	7
10	10	10	10
61	59	58	57
16	17	17	17
87	86	85	84

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

	Fiscal Year				
	2022	2021	2020	2019	2018
Electric Department/Fund					
Production	\$ 11,617,298	\$ 11,335,480	\$ 11,045,034	\$ 11,362,565	\$ 11,988,898
Distribution	1,616,220	1,400,491	1,211,160	1,140,552	1,321,749
Administration and depreciation	1,352,840	1,406,092	1,419,231	1,486,329	1,578,789
Total Electric Department/Fund	<u>14,586,358</u>	<u>14,142,063</u>	<u>13,675,425</u>	<u>13,989,446</u>	<u>14,889,436</u>
Water Department/Fund					
Filtration	2,144,626	2,923,257	1,090,886	1,190,152	1,192,070
Distribution	650,582	735,469	652,320	560,545	548,746
Administration and depreciation	1,203,295	1,156,332	1,420,613	1,282,493	1,305,123
Total Water Department/Fund	<u>3,998,503</u>	<u>4,815,058</u>	<u>3,163,819</u>	<u>3,033,190</u>	<u>3,045,939</u>
Wastewater Department/Fund					
Treatment	1,486,489	933,033	410,550	772,346	586,482
Collection	445,177	410,550	122,426	308,481	270,740
Administration and depreciation	788,937	761,175	2,743,507	877,645	853,625
Total Wastewater Department/Fund	<u>2,720,603</u>	<u>2,104,758</u>	<u>3,276,483</u>	<u>1,958,472</u>	<u>1,710,847</u>
Total	<u>\$ 21,305,464</u>	<u>\$ 21,061,879</u>	<u>\$ 20,115,727</u>	<u>\$ 18,981,108</u>	<u>\$ 19,646,222</u>

Table 20

Fiscal Year				
2017	2016	2015	2014	2013
\$ 11,830,111	\$ 11,652,003	\$ 10,697,955	\$ 10,973,273	\$ 11,370,136
1,319,652	1,309,186	1,158,176	1,171,484	1,173,817
1,434,720	1,250,177	1,387,871	1,364,473	1,357,745
<u>14,584,483</u>	<u>14,211,366</u>	<u>13,244,002</u>	<u>13,509,230</u>	<u>13,901,698</u>
1,338,340	1,339,214	1,028,792	986,423	950,375
296,577	301,137	439,942	420,787	466,580
1,323,799	1,335,355	1,229,500	479,722	436,620
<u>2,958,716</u>	<u>2,975,706</u>	<u>2,698,234</u>	<u>1,886,932</u>	<u>1,853,575</u>
615,313	491,159	589,736	532,665	633,326
296,213	296,240	294,909	287,866	303,052
841,832	830,211	807,607	839,304	843,856
<u>1,753,358</u>	<u>1,617,610</u>	<u>1,692,252</u>	<u>1,659,835</u>	<u>1,780,234</u>
<u>\$ 19,296,557</u>	<u>\$ 18,804,682</u>	<u>\$ 17,634,488</u>	<u>\$ 17,055,997</u>	<u>\$ 17,535,507</u>

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

	Fiscal Year				
	2022	2021	2020	2019	2018
Electric Department/Fund	\$ 15,368,438	\$ 15,371,028	\$ 15,096,642	\$ 15,547,859	\$ 16,384,952
Water Department/Fund	5,187,509	4,657,030	3,828,469	3,538,073	3,513,185
Wastewater Department/Fund	3,326,664	2,637,253	2,380,822	2,290,534	2,303,196
Total	<u>\$ 23,882,611</u>	<u>\$ 22,665,311</u>	<u>\$ 21,305,933</u>	<u>\$ 21,376,466</u>	<u>\$ 22,201,333</u>

Table 21

Fiscal Year				
2017	2016	2015	2014	2013
\$ 15,845,241	\$ 15,338,091	\$ 14,561,648	\$ 14,713,001	\$ 14,639,236
3,488,744	3,497,629	3,329,141	3,273,006	3,332,167
2,334,068	2,387,483	2,349,903	2,599,354	2,542,395
<u>\$ 21,668,053</u>	<u>\$ 21,223,203</u>	<u>\$ 20,240,692</u>	<u>\$ 20,585,361</u>	<u>\$ 20,513,798</u>

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

Table 22

<u>Year</u>	<u>Gross Generation</u>	<u>Purchased KWH</u>	<u>Purchased From</u>	<u>Total KWH</u>	<u>* Sales KWH</u>	<u>Own Use</u>	<u>Peak Demand</u>
2022	-	150,287,611	SMMPA/WAPA	150,287,611	144,772,555	-	31,550
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

* 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
2022	\$ 11,617,298 0.08025	\$ 1,616,220 0.01116	\$ 902,785 0.00624	\$ 450,055 0.00311	\$ 14,586,358 0.10075	150,287,611 144,772,556	\$ 0.10075
2021	11,335,480 0.07593	1,400,491 0.00938	925,437 0.00620	480,655 0.00322	14,142,063 0.09473	149,293,261 144,289,176	\$ 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

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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>2022</u>						
Residential Light	28,928,013	\$ 3,275,243	\$ 0.113220	20.0 %	21.6 %	3,879
Commercial Service	21,354,194	2,266,611	0.106144	14.8	15.0	777
General Service	15,445,864	1,519,131	0.098352	10.7	10.0	43
Industrial Sales	52,549,231	4,759,626	0.090575	36.3	31.5	13
All Electric	8,628,977	621,471	0.072021	6.0	4.1	8
Rural Electric	3,745,119	404,305	0.107955	2.6	2.7	227
Filter Plant	1,413,316	93,986	0.066500	1.0	0.6	1
Street Lighting	498,162	37,362	0.075000	0.3	0.2	6
Flat Rate Security Lights	46,580	10,578	0.227093	-	0.1	-
Residential Heat	9,550,658	994,553	0.104135	6.6	6.6	918
Wastewater Plant	1,343,042	89,312	0.066500	0.9	0.6	1
Seasonal Heat Rate	1,269,400	100,110	0.078864	0.9	0.7	26
Energy Cost Adjustment	-	958,015	-	-	6.3	-
Total Sales	<u>144,772,556</u>	<u>\$ 15,130,303</u>	<u>\$ 0.104511</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>5,899</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>2021</u>						
Residential Light	29,025,127	\$ 3,286,486	\$ 0.113229	20.0 %	21.7 %	3,862
Commercial Service	20,973,160	2,226,226	0.106146	14.5	14.7	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	36.7	31.6	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	2.6	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	6.5	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	-	-	6.3	-
Total Sales	<u>144,289,176</u>	<u>\$ 15,049,999</u>	<u>\$ 0.104304</u>	<u>99.7 %</u>	<u>99.5 %</u>	<u>5,865</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>2020</u>						
Residential Light	28,676,595	\$ 3,251,767	\$ 0.113394	19.9 %	21.6 %	3,816
Commercial Service	19,972,644	2,155,867	0.107941	13.8	14.3	764
General Service	14,585,391	1,407,595	0.096507	10.1	9.4	42
Industrial Sales	52,632,897	4,760,160	0.090441	36.5	31.5	13
All Electric	8,384,124	605,805	0.072256	5.8	4.0	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	0.3	0.2	8
Flat Rate Security Lights	46,541	10,705	0.230012	-	0.1	143
Residential Heat	9,473,827	988,090	0.104297	6.6	6.6	905
Wastewater Plant	1,365,648	90,816	0.066500	0.9	0.6	1
Seasonal Heat Rate	1,069,794	82,849	0.077444	0.7	0.6	25
Energy Cost Adjustment	-	943,511	-	-	6.3	-
Total Sales	<u>141,696,687</u>	<u>\$ 14,828,750</u>	<u>\$ 0.104651</u>	<u>98.2 %</u>	<u>98.5 %</u>	<u>5,949</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>2019</u>						
Residential Light	27,859,621	\$ 3,165,892	\$ 0.113637	19.7 %	21.3 %	3,816
Commercial Service	22,264,366	2,349,325	0.105520	15.7	15.8	764
General Service	15,710,084	1,538,087	0.097904	11.1	10.4	42
Industrial Sales	52,659,930	4,781,350	0.090797	37.2	32.3	13
All Electric	8,580,360	673,994	0.078551	6.1	4.5	8
Rural Electric	3,730,724	414,555	0.111119	2.6	2.8	223
Filter Plant	1,382,000	91,903	0.066500	1.0	0.6	1
Street Lighting	499,123	37,434	0.075000	0.4	0.3	8
Flat Rate Security Lights	46,540	10,675	0.229373	-	0.1	-
Residential Heat	9,424,897	985,082	0.104519	6.7	6.6	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	0.7	25
Energy Cost Adjustment	-	962,885	-	-	6.5	-
Total Sales	<u>144,833,429</u>	<u>\$ 15,201,760</u>	<u>\$ 0.104960</u>	<u>102.4 %</u>	<u>102.5 %</u>	<u>5,806</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>2018</u>						
Residential Light	29,310,618	\$ 3,316,840	\$ 0.113162	20.2 %	21.8 %	3,786
Commercial Service	22,791,640	2,438,585	0.106995	15.7	16.0	755
General Service	16,497,971	1,626,728	0.098602	11.4	10.7	42
Industrial Sales	53,960,562	4,883,075	0.090493	37.4	32.2	12
All Electric	8,782,597	770,695	0.087753	6.1	5.1	8
Rural Electric	4,021,451	446,534	0.111038	2.8	2.9	227
Filter Plant	1,398,400	92,994	0.066500	1.0	0.6	1
Street Lighting	1,568,877	117,666	0.075000	1.1	0.8	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	6.6	6.6	910
Wastewater Plant	1,422,302	94,576	0.066495	1.0	0.6	1
Seasonal Heat Rate	1,284,186	99,419	0.077418	0.9	0.7	22
Energy Cost Adjustment	-	1,004,451	-	-	6.6	-
Total Sales	<u>150,728,230</u>	<u>\$ 15,905,303</u>	<u>\$ 0.105523</u>	<u>104.3 %</u>	<u>104.7 %</u>	<u>5,916</u>
<u>2017</u>						
Residential Light	27,178,487	\$ 3,089,916	\$ 0.113690	18.0 %	19.4 %	3,790
Commercial Service	21,667,094	2,313,203	0.106761	14.4	14.5	758
General Service	16,148,841	1,615,370	0.100030	10.7	10.2	42
Industrial Sales	54,949,723	4,944,410	0.089981	36.6	31.0	12
All Electric	8,082,443	718,901	0.088946	5.4	4.5	8
Rural Electric	3,681,432	408,733	0.111026	2.4	2.6	227
Filter Plant	1,370,000	91,105	0.066500	0.9	0.6	1
Street Lighting	1,556,513	116,739	0.075000	1.0	0.7	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	6.0	5.8	907
Wastewater Plant	1,350,010	85,786	0.063545	0.9	0.5	1
SMPA Expansion Rate	995,198	74,407	0.074766	0.7	0.5	26
Energy Cost Adjustment	-	972,114	-	-	6.1	-
Total Sales	<u>146,087,575</u>	<u>\$ 15,370,273</u>	<u>\$ 0.105213</u>	<u>97.1 %</u>	<u>96.5 %</u>	<u>5,924</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>2016</u>						
Residential Light	28,364,575	\$ 3,214,306	\$ 0.113321	19.4 %	20.9 %	3,787
Commercial Service	20,939,951	2,249,471	0.107425	14.3	14.6	757
General Service	17,154,277	1,711,015	0.099743	11.7	11.1	42
Industrial Sales	53,320,399	4,767,863	0.089419	36.3	31.0	12
All Electric	8,675,268	765,268	0.088213	5.9	5.0	8
Rural Electric	3,910,260	431,242	0.110285	2.7	2.8	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	6.2	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	-	-	2.8	-
Total Sales	<u>147,048,570</u>	<u>\$ 14,919,089</u>	<u>\$ 0.101457</u>	<u>100.4 %</u>	<u>97.0 %</u>	<u>5,905</u>
<u>2015</u>						
Residential Light	27,532,940	\$ 3,132,345	\$ 0.113767	18.7 %	21.0 %	3,849
Commercial Service	20,172,539	2,180,659	0.108100	13.7	14.6	753
General Service	17,502,445	1,765,020	0.100844	11.9	11.8	43
Industrial Sales	50,448,638	4,503,510	0.089269	34.3	30.1	12
All Electric	8,595,082	759,629	0.088379	5.8	5.1	8
Rural Electric	3,749,447	417,365	0.111314	2.5	2.8	226
Filter Plant	1,391,200	92,515	0.066500	0.9	0.6	1
Street Lighting	1,634,671	122,601	0.075000	1.1	0.8	6
Flat Rate Security Lights	126,678	10,545	0.083243	0.1	0.1	-
Residential Heat	8,938,461	934,426	0.104540	6.1	6.3	901
Wastewater Plant	1,401,166	93,178	0.066500	1.0	0.6	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>96.8 %</u>	<u>94.3 %</u>	<u>5,824</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>2014</u>						
Residential Light	28,653,260	\$ 2,418,394	\$ 0.084402	20.1 %	17.2 %	3,879
Commercial Service	21,184,995	1,656,657	0.078200	14.9	11.8	747
General Service	18,549,910	1,286,853	0.069372	13.0	9.1	43
Industrial Sales	50,409,061	3,068,222	0.060866	35.5	21.8	12
All Electric	9,039,097	556,328	0.061547	6.3	3.9	8
Rural Electric	3,914,295	323,984	0.082769	2.7	2.3	225
Filter Plant	1,437,200	54,614	0.038000	1.0	0.4	1
Street Lighting	1,791,188	134,339	0.075000	1.3	1.0	6
Flat Rate Security Lights	128,637	10,320	0.080226	0.1	0.1	-
Residential Heat	9,293,874	698,258	0.075131	6.5	5.0	888
Wastewater Plant	1,535,800	58,360	0.038000	1.1	0.4	1
SMMPA Expansion Rate	1,384,533	62,782	0.045345	1.0	0.4	22
Energy Cost Adjustment	-	3,933,326	-	-	27.9	-
Total Sales	<u>147,321,850</u>	<u>\$ 14,262,437</u>	<u>\$ 0.096811</u>	<u>103.5 %</u>	<u>101.3 %</u>	<u>5,832</u>
<u>2013</u>						
Residential Light	29,755,931	\$ 2,500,922	\$ 0.084048	20.2 %	17.5 %	3,909
Commercial Service	22,067,984	1,728,734	0.078337	15.0	12.1	761
General Service	19,989,428	1,354,742	0.067773	13.6	9.5	43
Industrial Sales	49,455,710	3,141,624	0.063524	33.5	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
SMMPA 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>100.5 %</u>	<u>100.0 %</u>	<u>5,856</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			
	2022	2021	2020	2019
Industrial/Commercial Users				
Fairmont Foods 1 & 2	17,254,864 \$ 1,590,307	17,605,043 \$ 1,623,706	17,873,323 \$ 1,697,329	17,836,756 \$ 1,697,329
3M Minnesota Mining and Manufacturing	7,694,791 \$ 749,454	7,588,667 \$ 740,822	7,091,111 \$ 691,536	7,410,947 \$ 715,857
Harsco Track Technology	627,600 \$ 71,684	564,000 \$ 66,121	518,400 \$ 61,315	480,000 \$ 55,111
ADS/Hancor	8,989,000 \$ 833,813	8,563,000 \$ 788,399	8,356,000 \$ 780,181	6,939,000 \$ 671,093
Weigh-Tronix	3,802,626 \$ 402,391	4,138,794 \$ 430,682	4,148,523 \$ 439,942	5,025,564 \$ 508,736
Fareway Foods	1,210,858 \$ 72,652	1,169,380 \$ 70,163	1,181,904 \$ 78,803	1,189,792 \$ 109,971
Bomgars/Shopko	773,750 \$ 82,703	714,250 \$ 78,592	566,500 \$ 60,141	650,500 \$ 65,981
Torgerson/Holiday Inn/Best Western	1,333,500 \$ 143,147	1,391,750 \$ 135,353	1,289,750 \$ 129,242	1,526,500 \$ 150,514
Five Lakes Center	550,033 \$ 33,002	678,200 \$ 40,692	683,680 \$ 45,584	752,120 \$ 80,286
Hy-Vee Foods	2,508,800 \$ 231,507	2,571,600 \$ 237,955	2,580,800 \$ 239,858	2,687,600 \$ 248,140
Americold/Cloverleaf/Fairmont Refrigerated Services	4,424,400 \$ 408,041	4,932,360 \$ 448,435	5,046,840 \$ 457,704	5,338,800 \$ 483,978
Wal-Mart Stores	2,675,600 \$ 261,037	2,737,600 \$ 263,536	2,515,600 \$ 251,392	2,736,400 \$ 274,293
Fairmont Hospital Mayo	6,011,472 \$ 360,688	5,914,090 \$ 354,845	5,939,760 \$ 394,268	6,001,047 \$ 458,907
I.S.D. No. 2752	1,898,400 \$ 235,683	1,716,000 \$ 221,436	1,437,600 \$ 208,806	1,689,600 \$ 239,758
Wastewater Treatment Plant	1,343,042 \$ 89,312	1,334,830 \$ 97,676	1,365,648 \$ 90,816	1,404,052 \$ 93,502
Water Treatment Plant	1,413,316 \$ 93,986	1,390,800 \$ 92,491	1,388,800 \$ 92,355	1,382,000 \$ 91,903

Table 25

Fiscal Year					
2018	2017	2016	2015	2014	2013
18,089,301	17,322,061	16,131,520	14,158,043	13,051,618	2,464,831
\$ 1,695,401	\$ 1,630,297	\$ 1,440,743	\$ 1,210,805	\$ 1,107,336	\$ 1,042,803
8,254,355	8,787,746	9,002,036	8,211,144	7,825,221	7,591,649
\$ 778,448	\$ 825,014	\$ 798,762	\$ 701,501	\$ 651,696	\$ 619,290
447,600	456,000	486,300	518,400	517,200	552,000
\$ 50,090	\$ 50,748	\$ 50,089	\$ 50,927	\$ 51,381	\$ 54,207
5,780,000	6,569,000	5,490,000	6,089,000	6,670,000	7,509,000
\$ 578,682	\$ 648,024	\$ 534,868	\$ 567,118	\$ 601,875	\$ 666,009
5,421,726	5,373,396	5,655,123	5,418,081	5,597,822	5,734,080
\$ 550,597	\$ 544,844	\$ 549,562	\$ 518,706	\$ 523,817	\$ 530,950
1,243,206	1,211,071	1,279,500	1,339,479	1,378,376	1,484,452
\$ 115,007	\$ 113,631	\$ 144,365	\$ 117,101	\$ 119,403	\$ 124,463
889,250	925,500	986,250	1,123,000	1,218,750	1,414,500
\$ 93,224	\$ 95,098	\$ 100,484	\$ 108,445	\$ 109,459	\$ 122,882
1,472,250	1,351,500	1,425,750	1,443,250	1,565,250	1,633,500
\$ 146,828	\$ 135,959	\$ 135,194	\$ 134,459	\$ 141,662	\$ 143,720
832,680	801,360	917,255	1,044,880	1,129,560	1,092,200
\$ 87,720	\$ 84,918	\$ 92,316	\$ 103,581	\$ 105,865	\$ 103,406
2,736,800	2,744,800	2,810,400	2,756,800	2,666,800	2,698,800
\$ 253,234	\$ 251,410	\$ 247,622	\$ 234,366	\$ 224,510	\$ 222,689
5,665,680	5,841,720	5,881,320	5,660,120	6,055,200	6,139,800
\$ 509,622	\$ 526,569	\$ 496,713	\$ 460,842	\$ 485,452	\$ 480,003
3,370,000	3,604,400	3,431,200	3,110,800	3,234,800	3,296,000
\$ 322,079	\$ 338,028	\$ 304,944	\$ 264,077	\$ 266,997	\$ 270,157
6,107,877	5,634,855	6,276,600	6,192,900	3,487,368	6,375,600
\$ 557,391	\$ 529,624	\$ 552,693	\$ 537,020	\$ 399,776	\$ 527,157
1,833,600	1,973,800	2,023,200	1,980,000	3,487,368	3,585,720
\$ 257,019	\$ 266,275	\$ 262,645	\$ 247,891	\$ 399,776	\$ 400,658
1,422,302	1,350,010	1,287,238	1,401,166	1,437,200	1,325,800
\$ 94,576	\$ 85,786	\$ 85,601	\$ 93,178	\$ 99,569	\$ 89,004
1,398,400	1,370,000	1,423,200	1,391,200	1,535,800	1,212,440
\$ 92,994	\$ 91,105	\$ 94,643	\$ 92,515	\$ 93,366	\$ 76,158

**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>2022</u>					
Net Raw Water	489,608,150	100.0 %			
Used in Production	<u>22,916,800</u>	<u>4.8</u>			
Net Finished Water	466,691,350	95.2			
Loss in Distribution System (including hydrant)	<u>65,829,393</u>	<u>13.9</u>			
Total Sales	<u>400,861,957</u>	<u>81.3</u>	\$ 4,736,158	\$ 11.418000	4,487
<u>2021</u>					
Net Raw Water	474,286,431	98.1 %			
Used in Production	<u>23,223,892</u>	<u>4.9</u>			
Net Finished Water	451,062,539	93.2			
Loss in Distribution System (including hydrant)	<u>82,604,374</u>	<u>17.4</u>			
Total Sales	<u>368,458,165</u>	<u>75.8</u>	3,976,735	10.214000	4,501
<u>2020</u>					
Net Raw Water	465,095,871	98.1			
Used in Production	<u>22,623,364</u>	<u>4.8</u>			
Net Finished Water	442,472,507	93.3			
Loss in Distribution System (including hydrant)	<u>94,439,790</u>	<u>19.9</u>			
Total Sales	<u>348,032,717</u>	<u>73.4</u>	3,428,772	9.851866	4,449
<u>2019</u>					
Net Raw Water	440,623,633	94.7			
Used in Production	<u>22,290,892</u>	<u>4.8</u>			
Net Finished Water	418,332,741	89.9			
Loss in Distribution System (including hydrant)	<u>72,701,553</u>	<u>15.6</u>			
Total Sales	<u>345,631,188</u>	<u>74.3</u>	3,161,600	9.147323	4,433
<u>2018</u>					
Net Raw Water	449,645,802	102.0			
Used in Production	<u>21,425,416</u>	<u>4.9</u>			
Net Finished Water	428,220,386	97.1			
Loss in Distribution System (including hydrant)	<u>68,364,481</u>	<u>15.5</u>			
Total Sales	<u>359,855,905</u>	<u>81.6</u>	3,142,423	8.732448	4,433
<u>2017</u>					
Net Raw Water	437,145,408	97.2			
Used in Production	<u>19,805,380</u>	<u>4.4</u>			
Net Finished Water	417,340,028	92.8			
Loss in Distribution System (including hydrant)	<u>45,650,046</u>	<u>10.2</u>			
Total Sales	<u>371,689,982</u>	<u>82.6</u>	3,090,598	8.314989	4,426

**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>2016</u>					
Net Raw Water	454,363,595	103.9			
Used in Production	<u>18,179,916</u>	<u>4.2</u>			
Net Finished Water	436,183,679	99.7			
Loss in Distribution System (including hydrant)	<u>60,468,422</u>	<u>13.8</u>			
Total Sales	<u>375,715,257</u>	<u>85.9</u>	\$ 3,121,434	\$ 8.307978	4,382
<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>14.9</u>			
Total Sales	<u>367,127,159</u>	<u>83.3</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>15.0</u>			
Total Sales	<u>354,292,862</u>	<u>82.9</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>13.7</u>			
Net Finished Water	468,105,912	86.3			
Loss in Distribution System (including hydrant)	<u>53,985,299</u>	<u>12.6</u>			
Total Sales	<u>414,120,613</u>	<u>73.7</u>	2,995,348	7.233033	4,426

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

Table 27

<u>Year</u>	<u>Filtration Cost Per M Gallons</u>	<u>Distribution Cost Per M Gallons</u>	<u>Administrative Cost Per M Gallons</u>	<u>Depreciation Cost Per M Gallons</u>	<u>Total Operating Expenses Per M Gallons</u>	<u>Water Finished Billed</u>	<u>Cost Per M Gallons Billed</u>
2022	\$ 2,144,626 4.5954	\$ 650,582 1.3940	\$ 194,686 0.4172	\$ 1,008,609 2.1612	\$ 3,998,503 8.5678	466,691,350 400,861,957	\$ 9.9748
2021	2,923,257 6.4808	735,469 1.6305	184,501 0.4090	971,831 2.1545	4,815,058 10.6749	451,062,539 368,458,165	13.0681
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

**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
2022	457,490	\$ 1,486,489 3.2492	\$ 445,177 0.9731	\$ 132,244 0.2891	\$ 656,693 1.4354	\$ 2,720,603 5.9468	921,000 2,330,000
2021	453,720	933,033 2.0564	410,550 0.9049	122,426 0.2698	638,749 1.4078	2,104,758 4.6389	910,000 2,370,000
2020	558,330	753,613 1.3498	317,671 0.5690	293,226 0.5252	627,055 1.1231	1,991,565 3.5671	101,000 6,000,000
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