

**CITY OF FAIRMONT
FAIRMONT, MINNESOTA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2024

Prepared by the City's Finance Department

**City of Fairmont
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INTRODUCTORY SECTION

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May 29, 2025

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

Honorable Mayor and City Council:

Submitted herewith is the Comprehensive Annual Financial Report of the City of Fairmont, Minnesota (the City), for the fiscal year ended December 31, 2024. 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 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 2.6% in 2024. The health care industry in Fairmont is providing significant support for our economy. Mayo Health System, the Center for Specialty Care, Dulcimer Medical Center, United Hospital District and the Cornerstone Clinic 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, but it has also maintained and increased valuations within the City.

MAJOR INITIATIVES

For the year -

The City of Fairmont is currently revising the rental housing ordinance and nuisance ordinance with the effort of providing a solution-based approach to improving housing stock through onsite city inspections, remediation, abatement procedures and when necessary, demolition of properties. Both dumpster and demolition grants are utilized for a cost-effective approach to the demolition process. Partnerships have been developed with the city housing redevelopment authority, nonprofit groups (i.e. Habitat for Humanity), and local contractors to develop new uses for remediated property resulting in a continued inventory of safe rental and single-family homes. An ongoing inventory of existing public buildings is conducted to find new uses for applications of these facilities for both commercial and multifamily opportunities. The Southern Minnesota Education Campus (SMEC) building is one such opportunity where the Fairmont city council voted unanimously to develop a request for proposal on developing a new use for the property.

In 2024, the City Council approved a new 5-year road project program to assist them in their bonding requirements and identifies new road reconstruction and overlay projects for the upcoming years. This includes a major reconstruction of almost 1 mile of Lake Avenue from the West side of town towards the downtown area.

Water quality initiatives continue to be a priority of the City. City staff completed the 2024 Smart Salt Certification training and are working towards full certification. Being Smart Salt Certified helps save the City money on snow removal efforts and helps protect our lakes and streams. The City approved converting 87 acres of City owned farmland to native prairie. The City worked with Martin County Soil and Water Conservation District, and with the help of a grant, seeding of this farmland was completed in the fall of 2024. The City Council also approved no till requirements on nearly 400 acres of City owned farmland. These best management practices will reduce the amount of nutrients (nitrates/phosphorus) and sediment flowing into our lakes and streams.

FEDA continues to market the Fairmont community working with partners like The Retail Coach, Golden Shovel Agency, Community Venture Network and will soon begin working with Site Location Partnership creating opportunities for attracting new businesses, jobs, and tax base revenue.

FEDA's new Façade Program was created to enable businesses to improve the outward face of their business. The Façade Program is a five-year forgivable loan where FEDA will help businesses with half of the cost of the project, or up to \$5,000 for new doors, windows, siding, signage, tuckpointing, painting etc. Over the last year, FEDA has approved \$22,757 in forgivable loans, helping five different businesses with their facades.

The FEDA revolving loan fund has also been active in helping new businesses get started and enabling existing businesses to expand and grow. FEDA is a gap financier, always working in partnership with our local lenders. In 2024, FEDA lent out \$444,000 to seven different new or growing businesses. The funds helped finance new ownership of existing businesses, the purchase of property for local businesses, the purchase of new equipment for our businesses and helped local businesses bring their buildings up to code. These dollars keep local businesses here, give opportunities for growth and prosperity of our businesses and preserves local jobs in our community.

For the future -

The City held a strategic planning session in 2021 to establish their goals and priorities for the City. This strategic plan has guided project planning and budgeting for the last several years. The City will be holding another strategic planning session in 2025 to update its goals and priorities which will be used to guide future project planning and budgeting.

To help the City prioritize projects and objectives for water quality initiatives, City staff have been working on drafting a Lakes Management Plan. This plan will be presented to the City Council in 2025 and help guide the City on future projects. City staff have also been diligently working on the Blue Earth River One Watershed One Plan with other community stakeholders. Completing this plan will allow the City to apply for grants to implement water quality best management practices. To help fund future water quality initiatives, the City increased the lake restoration fee that is collected through our utility bill from \$1.00 per month to \$4.00 per month. This will raise an additional \$225,000 per year to help fund these projects with the focus in 2025 being on curly leaf pond weed and mitigation efforts.

Infrastructure improvements continue to be a community priority. In 2024, the City started a multi-year \$32M wastewater treatment plant update. This project includes updating numerous pieces of equipment including ultraviolet (UV) disinfection for the sterilization of pathogens in the effluent water, more storage space of Class A biosolids and a drying and processing system for sludge. This update will help the City to stay up to date with our biosolids processing equipment that allows us to remove solids from the Wastewater plant in an economical and safe manner. In 2025, a \$4M project for a new 2-million-gallon ground storage water tank will begin. This tank will replace two 1.4-million-gallon tanks currently on the property. The current tanks were built in 1968 and are in poor condition and past their useful life expectancy. This new tank allows for ample storage of water to CHS and fire protection on the west side of town. This tank can also be used to bring water back to town if the water treatment plant is down.

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. There are three main pieces to this model: New West Industrial Substation, 10th St. Substation Improvements, and the FES Substation Improvements. Enhancement to current substations, and the addition of a new substation for the West Industrial Park area will help correct deficiencies which currently exist on the system and prevent further issues as the system load grows. Total costs for this project are estimated at \$18.7M.

Housing and childcare will continue to be economic development priorities as it is difficult to attract and retain the 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. Enabling future development, continuing work in the White Tail Ridge development, FEDA childcare loans, supporting childcare development efforts, and identifying redevelopment opportunities are examples of efforts that will be worked on.

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, 2024, the General fund balance was 96 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 is also based upon the five year Capital Improvement Program. The Capital Improvement Program is reviewed and updated each year during the budget process. The Capital Improvement Program includes projects for which the City must issue debt and/or assess portions of the cost to adjacent or benefited property owners. Because the Council has set limits upon the funds available each year and the City does not wish to issue excessive amounts of debt, these projects need to be reviewed annually, and on occasion reprioritized.

INDEPENDENT AUDIT

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

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

The City Council is responsible for:

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

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for excellence in financial reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2023. 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 Annual Comprehensive Financial Report, whose contents conform to program standards. Such Annual Comprehensive 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 has received a Certificate of Achievement for the last thirty-three (33) 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,



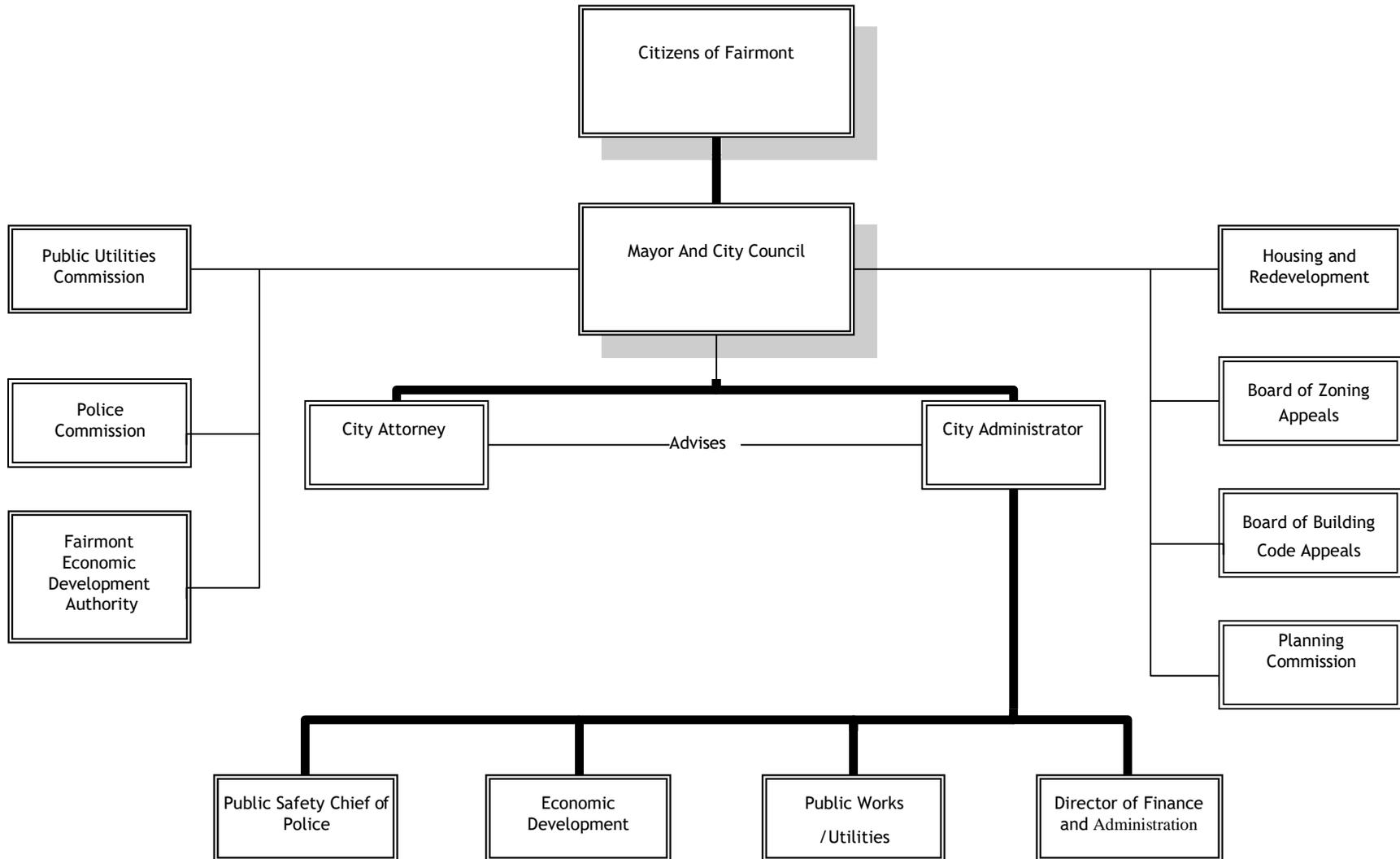
City of Fairmont
Paul Hoyer
Finance Director

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**City of Fairmont
Elected Officials and Administration
December 31, 2024**

Elected Officials	Position	Term Expires
Lee C. Baarts	Mayor	December 31, 2026
Michele Miller	Council Member	December 31, 2024
Jay Maynard	Council Member	December 31, 2026
Britney Kawecki	Council Member	December 31, 2024
Randy Lubenow	Council Member	December 31, 2026
Wayne Hasek	Council Member	December 31, 2024
<hr/> Administration <hr/>		
Jeff O'Neill	Interim City Administrator	
Paul Hoye	Finance Director	
Patty Monsen	City Clerk	
Matthew York	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, 2024**



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, 2023

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fairmont, Minnesota, as of and for the year ended December 31, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fairmont's basic financial statements. The combining and individual 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 17, 2025, 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.

Bergank DV, Ltd.

Minneapolis, Minnesota
June 17, 2025

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City of Fairmont Management's Discussion and Analysis

As management of the City of Fairmont, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2024. 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 3 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 \$150,244,321 (*net position*). Of this amount, \$28,925,423 (*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 \$9,754,255, compared to an increase of \$6,724,472, 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 well as significant capital asset purchases.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$33,296,251, an increase of \$7,551,987 in comparison with the prior year. Unassigned fund balance at year end is \$1,150,765. The remainder of fund balance is not available for new spending because it is either 1) restricted (\$15,988,748), 2) committed (\$8,741,666), 3) assigned (\$7,414,982) or 4) non-spendable (\$190) for the purposes described in Note 10 in the notes to the financial statements.

Overview of the Financial Statements

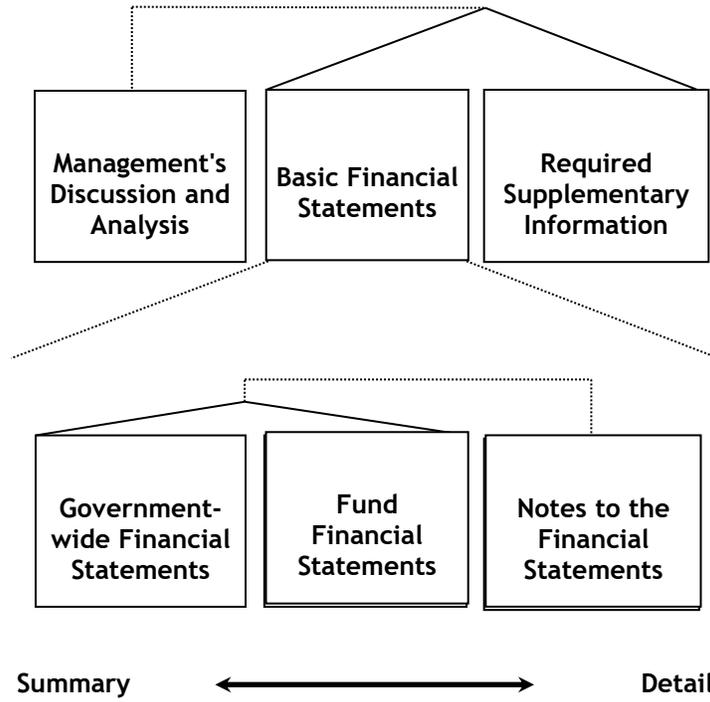
This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report 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**

	Fund Financial Statements			
	Government-wide 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 33 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, 2023 Capital Improvement Program 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 36 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 42 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 48 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 49 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 100 of this report.

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$150,244,321 at the close of the most recent fiscal year. By far, the largest portion of the City's net position (72.4%) 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's Summary of Net Position

	Governmental Activities			Business-Type Activities			Total	
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)	2024	2023
Assets								
Current and other assets	\$ 38,684,088	\$ 31,287,135	\$ 7,396,953	\$ 23,891,653	\$ 21,299,150	\$ 2,592,503	\$ 62,575,741	\$ 52,586,285
Capital assets	77,013,958	72,977,927	4,036,031	68,766,988	67,027,193	1,739,795	145,780,946	140,005,120
Total assets	115,698,046	104,265,062	11,432,984	92,658,641	88,326,343	4,332,298	208,356,687	192,591,405
Deferred outflows of resources	3,248,947	4,333,015	(1,084,068)	355,674	659,716	(304,042)	3,604,621	4,992,731
Liabilities								
Long-term liabilities								
outstanding	26,289,980	19,686,718	6,603,262	21,389,459	23,299,103	(1,909,644)	47,679,439	42,985,821
Current liabilities	3,540,452	3,838,331	(297,879)	4,531,508	4,041,155	490,353	8,071,960	7,879,486
Total liabilities	29,830,432	23,525,049	6,305,383	25,920,967	27,340,258	(1,419,291)	55,751,399	50,865,307
Deferred inflows of resources	4,372,074	4,819,920	(447,846)	1,593,514	1,408,843	184,671	5,965,588	6,228,763
Net Position								
Net investment in								
capital assets	58,973,621	56,244,080	2,729,541	49,901,808	47,032,193	2,869,615	108,875,429	103,276,273
Restricted	12,443,469	12,687,418	(243,949)	-	-	-	12,443,469	12,687,418
Unrestricted	13,327,397	11,321,610	2,005,787	15,598,026	13,204,765	2,393,261	28,925,423	24,526,375
Total net position	\$ 84,744,487	\$ 80,253,108	\$ 4,491,379	\$ 65,499,834	\$ 60,236,958	\$ 5,262,876	\$ 150,244,321	\$ 140,490,066

City of Fairmont Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

An additional portion of the City's net position (8.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (19.3%) may be used to meet the City's ongoing obligations to citizens and creditors.

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

Governmental Activities. Governmental activities increased the City's net position by \$4,492,379. The primary reasons for the increase in net position were a result of positive governmental fund operations and increased capital asset purchases that were funded by grants.

City of Fairmont's Changes in Net Position

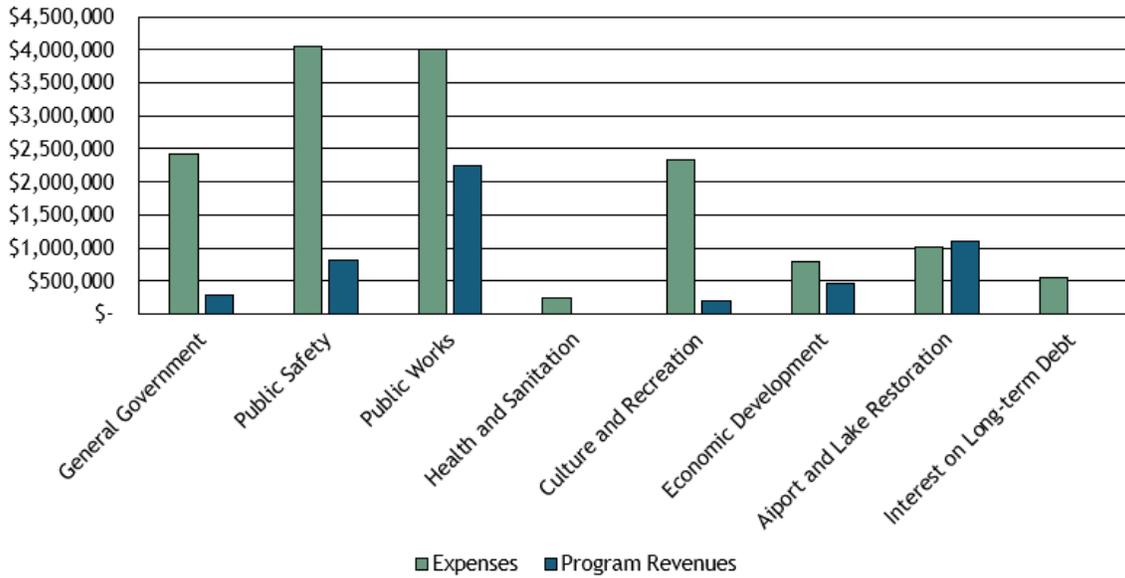
	Governmental Activities			Business-Type Activities			Total	
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)	2024	2023
Revenues								
Program revenues								
Charges for services	\$ 1,531,113	\$ 1,753,932	\$ (222,819)	\$ 32,483,523	\$ 30,819,846	\$ 1,663,677	\$ 34,014,636	\$ 32,573,778
Operating grants and contributions	686,435	2,031,449	(1,345,014)	26,279	6,873	19,406	712,714	2,038,322
Capital grants and contributions	2,857,459	1,513,812	1,343,647	426,557	225,000	201,557	3,284,016	1,738,812
General revenues								
Property taxes/tax increments	6,805,145	6,319,414	485,731	-	-	-	6,805,145	6,319,414
Other taxes	1,513,786	1,666,515	(152,729)	-	-	-	1,513,786	1,666,515
Grants and contributions not restricted to specific programs	4,197,569	3,755,906	441,663	-	-	-	4,197,569	3,755,906
Unrestricted investment earnings	1,172,694	1,035,526	137,168	783,381	678,210	105,171	1,956,075	1,713,736
Other	38,897	4,580	34,317	19,632	3,116	16,516	58,529	7,696
Total revenues	18,803,098	18,081,134	721,964	33,739,372	31,733,045	2,006,327	52,542,470	49,814,179
Expenses								
General government	2,423,711	1,852,007	571,704	-	-	-	2,423,711	1,852,007
Public safety	4,045,354	4,422,665	(377,311)	-	-	-	4,045,354	4,422,665
Public works	3,998,762	4,528,369	(529,607)	-	-	-	3,998,762	4,528,369
Health and sanitation	246,060	171,927	74,133	-	-	-	246,060	171,927
Culture and recreation	2,333,487	2,352,016	(18,529)	-	-	-	2,333,487	2,352,016
Economic development	785,970	970,460	(184,490)	-	-	-	785,970	970,460
Airport and Lake Restoration	1,016,799	1,197,494	(180,695)	-	-	-	1,016,799	1,197,494
Interest on long-term debt	544,321	368,636	175,685	-	-	-	544,321	368,636
Electric	-	-	-	16,132,267	15,615,597	516,670	16,132,267	15,615,597
Water	-	-	-	4,081,704	4,453,622	(371,918)	4,081,704	4,453,622
Wastewater	-	-	-	2,438,729	2,436,616	2,113	2,438,729	2,436,616
Storm sewer	-	-	-	588,937	594,778	(5,841)	588,937	594,778
Liquor	-	-	-	4,119,987	4,119,987	26,506	4,146,493	4,119,987
Parking lot	-	-	-	5,621	5,533	88	5,621	5,533
Total expenses	15,394,464	15,863,574	(469,110)	27,393,751	27,226,133	167,618	42,788,215	43,089,707
Change in net position before transfers	3,408,634	2,217,560	1,191,074	6,345,621	4,506,912	1,838,709	9,754,255	6,724,472
Transfers	1,082,745	1,190,906	(108,161)	(1,082,745)	(1,190,906)	108,161	-	-
Change in Net Position	4,491,379	3,408,466	1,082,913	5,262,876	3,316,006	1,946,870	9,754,255	6,724,472
Net position - January 1	80,253,108	76,844,642	3,408,466	60,236,958	56,920,952	3,316,006	140,490,066	133,765,594
Net position - December 31	\$ 84,744,487	\$ 80,253,108	\$ 4,491,379	\$ 65,499,834	\$ 60,236,958	\$ 5,262,876	\$ 150,244,321	\$ 140,490,066

Operating grant revenues decreased due to spending the American Rescue Plan Act grant in 2023. Capital grant revenues increase due to significant grants received for highway and airport projects. Property tax revenues increased due to an increase in the levy. Public works expenses decreased due to a large mill and overlay project that was not considered a capital asset in 2023. General government expenses increased primarily because of the accrual for compensated absences. The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.

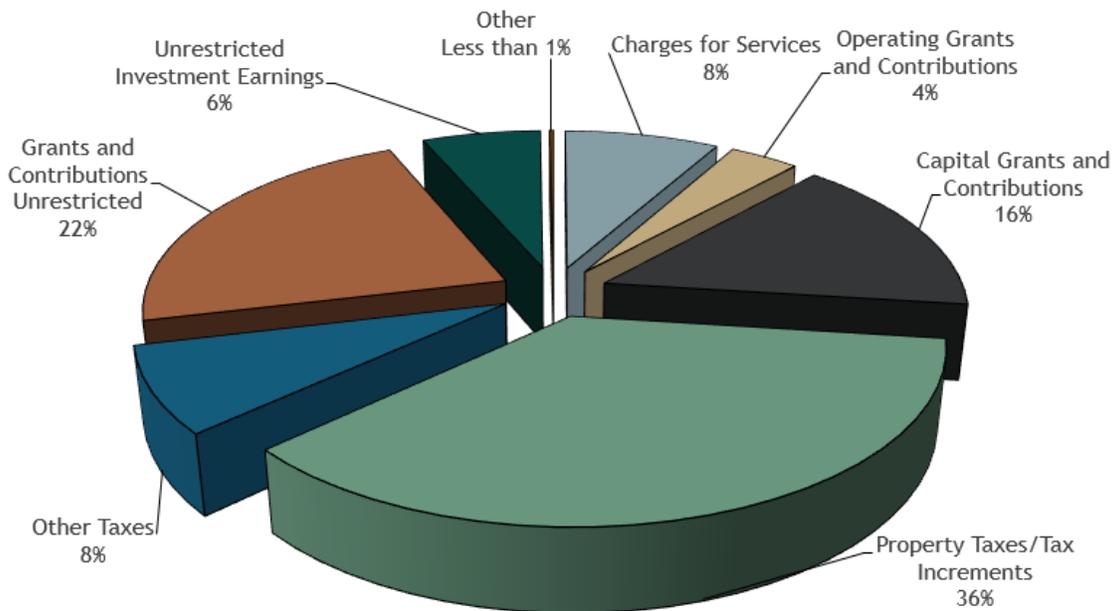
City of Fairmont
Management's Discussion and Analysis

Government-Wide Financial Analysis (Continued)

Expenses and Program Revenues - Governmental Activities



Revenues by Source



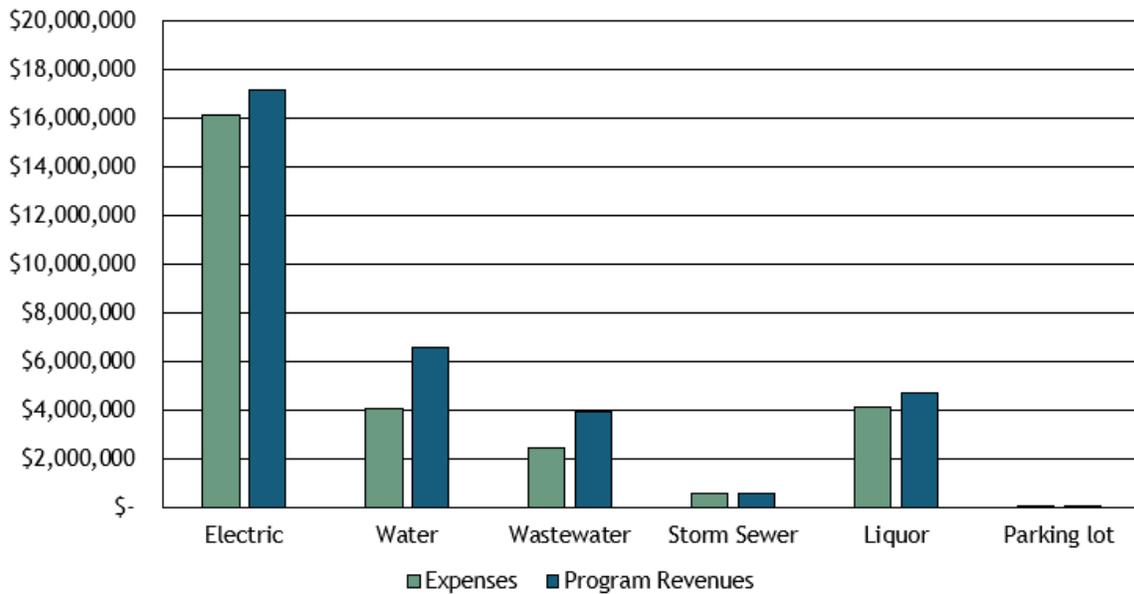
**City of Fairmont
Management's Discussion and Analysis**

Government-Wide Financial Analysis (Continued)

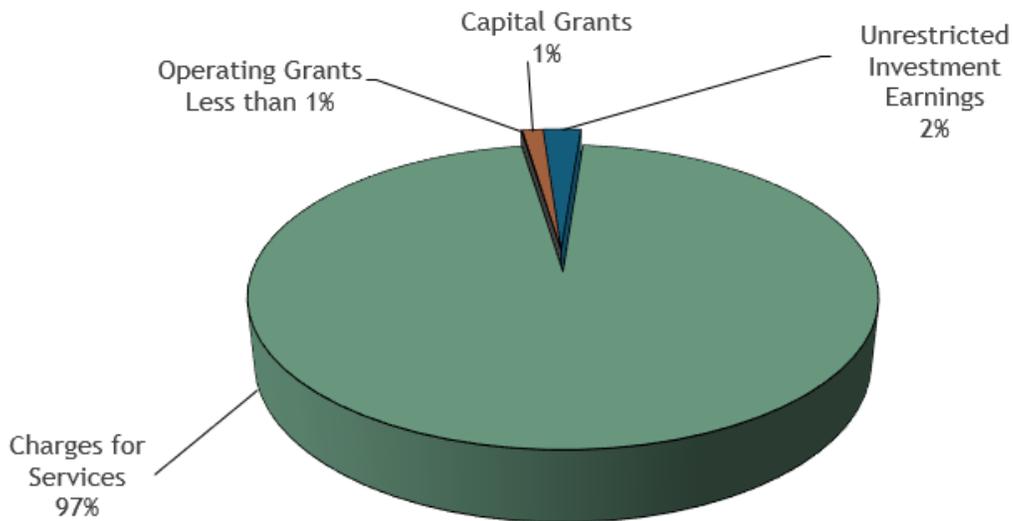
Business-type Activities. Business-type activities increased the City's net position by \$5,262,876. Key elements of this increase are as follows:

- PUC (electric, wastewater and water) had operating income of \$5,106,730, with a total change in net position of \$5,741,205. These increases in net position were due to increased utility rates and usage as well as an insurance reimbursement.

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 \$9,508,898. 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 \$1,353,256, or 13.7% of total General fund expenditures, while total fund balance represents 96.0% of General fund expenditures.

The fund balance of the City's General fund increased by \$88,461 during the current fiscal year, which was close to the budgeted change in fund balance of \$0.

The Debt Service Fund has a total fund balance of \$3,024,678, 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 \$78,381. The major reason for the increase was tax revenue, special assessments and transfers into the fund exceeding scheduled debt service payments.

The Capital Reserve fund has a total fund balance of \$1,875,861, which was an increase of \$848,480 from the prior year. This increase is the result of timing of capital projects and equipment purchases.

The 2023 Capital Improvement Program fund has a total fund balance of \$5,815,022, which was an increase of \$6,502,901 from the prior year. This increase is the result of approximately \$9 million of debt proceeds, for which the majority of those funds were not yet spent as of year-end.

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 \$15,062,488 of which \$3,417,980 was for the Water Utility fund, (\$594,273) for the Wastewater Utility fund, \$9,153,271 for the Electric Utility fund, \$1,008,288 for the Storm Sewer fund, the Municipal Liquor fund amounted to \$2,064,739 and \$12,483 for the parking lot fund. The total increase in net position for the enterprise funds was \$5,184,071. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's General fund budget was not amended during the year. Actual revenues exceeded budget by \$558,081 and actual expenditures were under budget by \$578,535 in 2024. The primary reasons for the variances are as follows:

- Investment income was overbudget due to conservative budgeting.
- Public Safety, Public Works, Health and Sanitation and Culture and Recreation expenditures were all under budget due to conservative budgeting.

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

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, 2024 amounts to \$145,780,946 (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:

- Continued construction on the Biosolids expansion.
- Continued construction on the Martin County Arena.
- Continued construction tied to the 2024 Street Improvement Plan.

Additional information on the City's capital assets can be found in Note 5 starting on page 66 of this report.

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

	Governmental Activities			Business-Type Activities			Total	
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)	2024	2023
Land	\$ 3,908,728	\$ 3,908,728	\$ -	\$ 1,718,715	\$ 1,718,715	\$ -	\$ 5,627,443	\$ 5,627,443
Buildings and structures	14,782,759	5,365,684	9,417,075	32,241,159	31,037,082	1,204,077	47,023,918	36,402,766
Improvement other than buildings	10,890,753	11,394,759	(504,006)	25,380,328	24,575,847	804,481	36,271,081	35,970,606
Machinery and equipment	1,862,543	1,919,835	(57,292)	4,452,130	4,148,048	304,082	6,314,673	6,067,883
Lease equipment	-	5,058	(5,058)	-	-	-	-	5,058
Vehicles	1,645,938	1,230,089	415,849	-	-	-	1,645,938	1,230,089
Infrastructure	35,935,361	37,569,226	(1,633,865)	-	-	-	35,935,361	37,569,226
Construction in progress	7,987,876	11,584,548	(3,596,672)	4,974,656	5,547,501	(572,845)	12,962,532	17,132,049
Total	\$ 77,013,958	\$ 72,977,927	\$ 4,036,031	\$ 68,766,988	\$ 67,027,193	\$ 1,739,795	\$145,780,946	\$140,005,120

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$43,872,000. Of this amount, \$23,220,000 is improvement debt and \$20,652,000 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			Total	
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)	2024	2023
G.O. Improvement Bonds	\$ 23,220,000	\$ 16,335,000	\$ 6,885,000	\$ -	\$ -	\$ -	\$ 23,220,000	\$ 16,335,000
G.O. Revenue Bonds	-	-	-	20,652,000	22,469,520	(1,817,520)	20,652,000	22,469,520
Total	\$ 23,220,000	\$ 16,335,000	\$ 6,885,000	\$ 20,652,000	\$ 22,469,520	\$ (1,817,520)	\$ 43,872,000	\$ 38,804,520

The City's total debt increased by \$5,067,480 during the current fiscal year, with current year issuance partially offset with scheduled debt service payments being made.

The City maintains an "Aa3" rating from Moody's for all of its outstanding bonded debt.

City of Fairmont Management's Discussion and Analysis

Capital Asset and Debt Administration (Continued)

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 limit for the City is \$30,804,892. The City currently has \$12,035,000 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 70 of this report.

Economic Factors and Next Year's Budgets and Rates

- Total employment in Martin County increased 5.9 percent to 10,085 and the unemployment rate in December 2024 was 2.5 percent, which is unchanged from a year ago. This rate is lower than both the State average of 2.6 percent and the national average rate of 3.8 percent.
- The City continued to see strong residential home sales and experienced an increase in the taxable market values of residential property. Residential values increased 4.2 percent, while there was a slight decrease to both commercial and agriculture values of 1.1 percent and 2.4 percent, respectively. The total taxable market value increased \$26,130,139 or 2.6%.

All of these factors were considered in preparing the City's budget for the 2025 fiscal year.

- The City's property tax levy will increase in 2025 by 7.9 percent. The tax increase will provide an additional \$542,723 per year. This will fund the cost of wage and benefit increases and increase our annual funding of the City's street improvement program by \$400,000 per year.
- In 2023, 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 2025, the study recommends a 5% blended increase to our residential, commercial and industrial water rates. For our wastewater rates, it recommends a blended 7% increase to our residential, commercial and industrial rates. In 2023, Dave Berg Consulting finished an electric cost of service and rate design study. For 2025, the study recommends a 3% rate increase to all electric rates.

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.

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BASIC FINANCIAL STATEMENTS

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**City of Fairmont
Statement of Net Position
December 31, 2024**

	Governmental Activities	Business-type Activities	Total	Economic Development Authority
Assets				
Cash and investments (including cash equivalents)	\$ 33,365,812	\$ 17,499,707	\$ 50,865,519	\$ 532,992
Receivables				
Accounts receivable	537,736	4,665,983	5,203,719	-
Interest receivable	120,947	-	120,947	-
Taxes receivable	132,999	-	132,999	2,145
Special assessments receivable	2,156,192	1,417	2,157,609	-
Lease receivable	39,239	509,148	548,387	-
Notes receivable	1,298,578	-	1,298,578	-
Due from other governments	438,006	219	438,225	863
Internal balances	(1,678)	1,678	-	-
Inventories	-	1,212,151	1,212,151	-
Prepaid items	28,664	1,350	30,014	-
Assets held for resale	80,000	-	80,000	832,476
Net pension asset	487,593	-	487,593	-
Capital assets not being depreciated				
Land	3,908,728	1,718,715	5,627,443	-
Construction in progress	7,987,876	4,974,656	12,962,532	-
Capital assets net of accumulated depreciation/amortization				
Vehicles	1,645,938	-	1,645,938	-
Buildings and structures	14,782,759	32,241,159	47,023,918	-
Machinery and equipment	1,862,543	4,452,130	6,314,673	-
Improvements other than buildings	10,890,753	25,380,328	36,271,081	-
Infrastructure	35,935,361	-	35,935,361	-
Total assets	\$ 115,698,046	\$ 92,658,641	\$ 208,356,687	\$ 1,368,476
Deferred Outflows of Resources				
Deferred outflows of resources related to fire relief pensions	\$ 163,083	\$ -	\$ 163,083	\$ -
Deferred outflows of resources related to City pensions	2,990,335	281,926	3,272,261	8,472
Deferred outflows of resources related to OPEB	95,529	73,748	169,277	2,230
Total deferred outflows of resources	<u>3,248,947</u>	<u>355,674</u>	<u>3,604,621</u>	<u>10,702</u>
Total assets and deferred outflows of resources	\$ 118,946,993	\$ 93,014,315	\$ 211,961,308	\$ 1,379,178
Liabilities				
Accounts and contracts payable	\$ 748,059	\$ 2,350,244	\$ 3,098,303	\$ 38
Interest payable	126,520	157,086	283,606	-
Salaries and benefits payable	305,606	211,619	517,225	10,485
Due to other governments	142,896	-	142,896	586
Deposits payable	131,585	140,052	271,637	-
Unearned revenue	27,075	10,962	38,037	-
Bonds payable, net				
Payable within one year	1,240,000	-	1,240,000	-
Payable after one year	22,850,260	-	22,850,260	-
Notes payable				
Payable within one year	-	1,034,000	1,034,000	-
Payable after one year	-	19,618,000	19,618,000	-
Compensated absences payable				
Payable within one year	775,813	592,797	1,368,610	10,927
Payable after one year	463,615	40,637	504,252	722
Payable after one year				
Net pension liability	2,610,758	1,450,408	4,061,166	43,586
Total other post employment benefits (OPEB) liability				
Payable within one year	42,898	34,748	77,646	1,063
Payable after one year	365,347	280,414	645,761	8,465
Total liabilities	<u>29,830,432</u>	<u>25,920,967</u>	<u>55,751,399</u>	<u>75,872</u>
Deferred Inflows of Resources				
Deferred inflows of resources related to fire relief pensions	193,553	-	193,553	-
Deferred inflows of resources related to leases	39,239	509,148	548,387	-
Deferred inflows of resources related to City pensions	4,100,671	1,054,559	5,155,230	31,690
Deferred inflows of resources related to OPEB	38,611	29,807	68,418	901
Total deferred inflows of resources	<u>4,372,074</u>	<u>1,593,514</u>	<u>5,965,588</u>	<u>32,591</u>
Net Position				
Net investment in capital assets	58,973,621	49,901,808	108,875,429	-
Restricted for				
Debt service	4,730,537	-	4,730,537	-
Fire relief pension	487,593	-	487,593	-
Capital projects	4,378,650	-	4,378,650	-
Housing and economic development	2,846,689	-	2,846,689	-
Unrestricted	13,327,397	15,598,026	28,925,423	1,270,715
Total net position	<u>84,744,487</u>	<u>65,499,834</u>	<u>150,244,321</u>	<u>1,270,715</u>
Total liabilities, deferred inflows of resources, and net position	\$ 118,946,993	\$ 93,014,315	\$ 211,961,308	\$ 1,379,178

City of Farimont
Statement of Activities
Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 2,423,711	\$ 186,098	\$ 103,612	\$ -
Public safety	4,045,354	355,406	468,632	-
Public works	3,998,762	227,520	37,939	1,936,229
Health and sanitation	246,060	-	-	-
Culture and recreation	2,333,487	195,254	-	-
Economic development	785,970	122,422	9,317	332,742
Airport and lake restoration	1,016,799	444,413	66,935	588,488
Interest on long-term debt	544,321	-	-	-
Total governmental activities	15,394,464	1,531,113	686,435	2,857,459
Business-type activities				
Water	4,081,704	6,538,928	25,386	-
Wastewater	2,438,729	3,468,560	-	426,557
Storm Sewer	588,937	589,566	-	-
Electric	16,132,267	17,156,243	893	-
Liquor	4,146,493	4,721,826	-	-
Parking Lot	5,621	8,400	-	-
Total business-type activities	27,393,751	32,483,523	26,279	426,557
Total governmental and business-type activities	\$ 42,788,215	\$ 34,014,636	\$ 712,714	\$ 3,284,016
Component unit				
Fairmont Economic Development Authority	\$ 204,131	\$ 9,103	\$ 115,000	\$ -
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
\$ (2,134,001)	\$ -	\$ (2,134,001)	\$ -
(3,221,316)	-	(3,221,316)	-
(1,797,074)	-	(1,797,074)	-
(246,060)	-	(246,060)	-
(2,138,233)	-	(2,138,233)	-
(321,489)	-	(321,489)	-
83,037	-	83,037	-
(544,321)	-	(544,321)	-
<u>(10,319,457)</u>	<u>-</u>	<u>(10,319,457)</u>	<u>-</u>
-	2,482,610	2,482,610	-
-	1,456,388	1,456,388	-
-	629	629	-
-	1,024,869	1,024,869	-
-	575,333	575,333	-
-	2,779	2,779	-
<u>-</u>	<u>5,542,608</u>	<u>5,542,608</u>	<u>-</u>
<u>\$ (10,319,457)</u>	<u>\$ 5,542,608</u>	<u>\$ (4,776,849)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (80,028)</u>
\$ 5,341,586	\$ -	\$ 5,341,586	\$ 99,074
1,321,606	-	1,321,606	-
280,902	-	280,902	-
165,480	-	165,480	-
1,067,404	-	1,067,404	-
141,953	-	141,953	-
4,197,569	-	4,197,569	-
1,172,694	783,381	1,956,075	29,673
38,897	19,632	58,529	-
1,082,745	(1,082,745)	-	-
<u>14,810,836</u>	<u>(279,732)</u>	<u>14,531,104</u>	<u>128,747</u>
<u>4,491,379</u>	<u>5,262,876</u>	<u>9,754,255</u>	<u>48,719</u>
<u>80,253,108</u>	<u>60,236,958</u>	<u>140,490,066</u>	<u>1,221,996</u>
<u>\$ 84,744,487</u>	<u>\$ 65,499,834</u>	<u>\$ 150,244,321</u>	<u>\$ 1,270,715</u>

City of Fairmont
Balance Sheet - Governmental Funds
December 31, 2024

	General Fund (101, 706)	Debt Service	Capital Projects	
		Debt Service	Capital Reserve (405)	2023 Capital Improvement Prog (483)
Assets				
Cash and investments	\$ 9,859,959	\$ 3,010,733	\$ 1,801,761	\$ 5,979,347
Interest receivable	120,947	-	-	-
Due from other governments	36,710	13,945	168,101	-
Accounts receivable	152,528	-	-	-
Notes receivable	-	-	-	-
Lease receivable	39,239	-	-	-
Due from other funds	663	-	-	-
Property taxes receivable	82,780	25,038	13,849	-
Special assessments receivable	-	1,807,341	-	-
Prepaid items	190	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 10,293,016	\$ 4,857,057	\$ 1,983,711	\$ 5,979,347
Liabilities				
Accounts payable	\$ 293,945	\$ -	\$ 22,276	\$ 80,466
Deposits payable	-	-	-	-
Due to other governments	1,768	-	-	-
Deposits payable	-	-	-	83,859
Salaries and benefits payable	280,961	-	-	-
Due to other funds	58,350	-	-	-
Unearned revenues	27,075	-	-	-
Total liabilities	662,099	-	22,276	164,325
Deferred Inflows of Resources				
Unavailable revenue				
- taxes and assessments	82,780	1,832,379	85,574	-
Advanced appropriations				
- state shared tax	-	-	-	-
Unavailable revenue - leases	39,239	-	-	-
Total deferred inflows of resources	122,019	1,832,379	85,574	-
Fund Balances				
Nonspendable	190	-	-	-
Restricted	455,851	3,024,678	-	5,815,022
Committed	284,619	-	1,875,861	-
Assigned	7,414,982	-	-	-
Unassigned	1,353,256	-	-	-
Total fund balances	9,508,898	3,024,678	1,875,861	5,815,022
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,293,016	\$ 4,857,057	\$ 1,983,711	\$ 5,979,347

Other Governmental Funds	Total Governmental Funds
\$ 11,938,847	\$ 32,590,647
-	120,947
219,250	438,006
379,185	531,713
1,298,578	1,298,578
-	39,239
160,912	161,575
11,332	132,999
348,851	2,156,192
-	190
80,000	80,000
<u>\$ 14,436,955</u>	<u>\$ 37,550,086</u>
\$ 337,394	\$ 734,081
-	-
141,128	142,896
47,726	131,585
4,833	285,794
162,607	220,957
-	27,075
<u>693,688</u>	<u>1,542,388</u>
360,183	2,360,916
311,192	311,192
-	39,239
<u>671,375</u>	<u>2,711,347</u>
-	190
6,693,197	15,988,748
6,581,186	8,741,666
-	7,414,982
(202,491)	1,150,765
<u>13,071,892</u>	<u>33,296,351</u>
<u>\$ 14,436,955</u>	<u>\$ 37,550,086</u>

City of Fairmont
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2024

Total fund balances - governmental funds \$ 33,296,351

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	130,674,882
Less accumulated depreciation/amortization	(53,729,988)

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	(23,220,000)
Unamortized bond premium and discount	(870,260)
Compensated absences payable	(1,167,935)
Other post employment benefits obligation	(40,135)
Net pension liability	(2,610,758)

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

Taxes and special assessments	2,360,916
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Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.

Deferred inflows of resources related to fire relief pensions	(193,553)
Deferred inflows of resources related to city pensions	(4,100,671)
Deferred outflows of resources related to fire relief pensions	163,083
Deferred outflows of resources related to city pensions	2,990,335

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

487,593

Governmental funds do not report a liability for accrued interest due and payable.

(126,520)

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.

831,147

Total net position - governmental activities

\$ 84,744,487

City of Fairmont
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2024

	General Fund (101, 706)	Debt Service	Capital Projects		Other Governmental Funds	Total Governmental Funds
		Debt Service	Capital Reserve (405)	2023 Capital Improvement Prog (483)		
Revenues						
General property taxes	\$ 4,133,942	\$ 1,321,606	\$ 839,804	\$ -	\$ 446,347	\$ 6,741,699
Tax increment collections	-	-	-	-	141,953	141,953
Miscellaneous taxes	39,294	-	-	-	1,474,492	1,513,786
Licenses and permits	144,780	-	-	-	-	144,780
Intergovernmental	4,580,146	-	-	-	2,323,086	6,903,232
Special assessments	-	362,018	-	-	6,488	368,506
Charges for services	607,975	-	-	-	443,256	1,051,231
Fines and forfeitures	28,444	-	-	-	-	28,444
Investment income	427,282	94,962	-	(4,083)	624,523	1,142,684
Contributions and donations	116,070	-	-	-	-	116,070
Loan interest	-	-	-	-	30,586	30,586
Miscellaneous	242,404	-	-	163	97,857	340,424
Total revenues	10,320,337	1,778,586	839,804	(3,920)	5,588,588	18,523,395
Expenditures						
Current						
General government	1,927,874	-	-	-	-	1,927,874
Public safety	3,919,401	-	-	-	-	3,919,401
Public works	2,004,023	-	-	-	-	2,004,023
Health and sanitation	246,060	-	-	-	-	246,060
Culture and recreation	1,799,620	-	-	-	5,331	1,804,951
Economic development	-	-	-	-	749,543	749,543
Airport	-	-	-	-	503,055	503,055
Conservation - water resources	-	-	-	-	32,083	32,083
Debt service						
Principal	5,151	1,560,000	-	-	-	1,565,151
Interest and fiscal charges	30	405,987	8,088	166,854	4,752	585,711
Capital outlay						
General government	-	-	7,566	-	-	7,566
Public safety	232	-	384,748	-	-	384,980
Public works	-	-	418,512	2,270,664	1,100,728	3,789,904
Culture and recreation	1,330	-	1,251,134	-	1,551,588	2,804,052
Economic development	-	-	11,897	-	-	11,897
Airport	-	-	709,364	-	-	709,364
Total expenditures	9,903,721	1,965,987	2,791,309	2,437,518	3,947,080	21,045,615
Excess of revenues over (under) expenditures	416,616	(187,401)	(1,951,505)	(2,441,438)	1,641,508	(2,522,220)
Other Financing Sources (Uses)						
Proceeds from sale of capital asset	38,897	-	-	-	-	38,897
Bonds issued	-	-	-	8,445,000	-	8,445,000
Premium on bonds issued	-	-	-	507,565	-	507,565
Transfers in	825,000	265,782	2,799,985	-	1,542,622	5,433,389
Transfers out	(1,192,052)	-	-	(8,226)	(3,150,366)	(4,350,644)
Total other financing sources (uses)	(328,155)	265,782	2,799,985	8,944,339	(1,607,744)	10,074,207
Net change in fund balances	88,461	78,381	848,480	6,502,901	33,764	7,551,987
Fund Balances						
Beginning of year	9,420,437	2,946,297	1,027,381	-	12,350,249	25,744,364
Nonmajor fund to major (Note 16)	-	-	-	(687,879)	687,879	-
Beginning of year, restated	9,420,437	2,946,297	1,027,381	(687,879)	13,038,128	25,744,364
End of year	\$ 9,508,898	\$ 3,024,678	\$ 1,875,861	\$ 5,815,022	\$ 13,071,892	\$ 33,296,351

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, 2024

Net change in fund balances - governmental funds \$ 7,551,987

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	7,317,484
Depreciation expense	(3,264,226)
Amortization expense	(5,058)

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	1,215
Compensated absences	(443,134)

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	431,397
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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	1,560,000
Lease payable	5,151

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.

(476,564)

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.

10,389

Proceeds from long-term debt are recognized as an other financing source in the governmental funds but have no impact on net position in the Statement of Activities.

(8,445,000)

Certain receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

Taxes and assessments	171,241
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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.

76,497

Change in net position - governmental activities \$ 4,491,379

City of Fairmont
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended December 31, 2024

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
General property taxes	\$ 4,091,235	\$ 4,133,942	\$ 42,707
Lodging taxes	40,000	39,294	(706)
Special assessments	1,500	-	(1,500)
Licenses and permits	171,300	144,780	(26,520)
Intergovernmental	4,506,547	4,580,146	73,599
Charges for services	659,655	607,975	(51,680)
Fines and forfeitures	44,500	28,444	(16,056)
Investment income	75,000	427,282	352,282
Contributions and donations	10,000	116,070	106,070
Other revenues	162,519	242,404	79,885
Total revenues	<u>9,762,256</u>	<u>10,320,337</u>	<u>558,081</u>
Expenditures			
General government	1,806,440	1,927,874	121,434
Public safety	4,277,155	3,919,633	(357,522)
Public works	2,251,594	2,004,023	(247,571)
Health and sanitation	258,119	246,060	(12,059)
Culture and recreation	1,888,948	1,800,950	(87,998)
Debt service	-	5,181	5,181
Total expenditures	<u>10,482,256</u>	<u>9,903,721</u>	<u>(578,535)</u>
Excess of revenues over (under) expenditures	(720,000)	416,616	1,136,616
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	-	38,897	38,897
Transfers in	825,000	825,000	-
Transfers out	(105,000)	(1,192,052)	(1,087,052)
Total other financing sources (uses)	<u>720,000</u>	<u>(328,155)</u>	<u>(1,048,155)</u>
Net change in fund balances	<u>\$ -</u>	<u>88,461</u>	<u>\$ 88,461</u>
Fund Balances			
Beginning of year		<u>9,420,437</u>	
End of year		<u>\$ 9,508,898</u>	

City of Fairmont
Statement of Net Position - Proprietary Funds
December 31, 2024

	Business-Type Activities - Enterprise Funds					
	Water Utility (601)	Wastewater Utility (602)	Electric Utility (604)	Total Public Utilities Commission	Storm Sewer Utility (603)	Municipal Liquor (609)
Assets						
Current assets						
Cash and cash equivalents	\$ 6,090,192	\$ 26,445	\$ 7,603,808	\$ 13,720,445	\$ 1,132,171	\$ 2,128,987
Due from other funds	-	-	852,955	852,955	-	-
Due from other governments	219	-	-	219	-	-
Accounts receivable - net	874,764	912,249	2,780,095	4,567,108	59,798	39,077
Leases receivable	509,148	-	-	509,148	-	-
Special assessments receivable	1,417	-	-	1,417	-	-
Inventories	5,712	-	732,409	738,121	-	474,030
Prepaid items	-	-	-	-	-	1,350
Total current assets	7,481,452	938,694	11,969,267	20,389,413	1,191,969	2,643,444
Noncurrent assets						
Capital assets, not being depreciated						
Land and construction in progress	746,870	2,594,519	2,181,932	5,523,321	565,062	229,138
Capital assets, being depreciated						
Buildings	28,588,901	13,347,021	1,302,794	43,238,716	-	1,725,625
Utility plant in service	15,718,695	10,578,471	14,306,136	40,603,302	-	-
Machinery and equipment	959,255	7,609,836	3,992,112	12,561,203	226,274	36,543
Improvements other than buildings	-	-	-	-	10,992,765	19,169
Total capital assets	46,013,721	34,129,847	21,782,974	101,926,542	11,784,101	2,010,475
Less: accumulated depreciation	(12,090,468)	(15,277,448)	(14,863,563)	(42,231,479)	(4,399,155)	(699,346)
Net capital assets	33,923,253	18,852,399	6,919,411	59,695,063	7,384,946	1,311,129
Total noncurrent assets	33,923,253	18,852,399	6,919,411	59,695,063	7,384,946	1,311,129
Total assets	41,404,705	19,791,093	18,888,678	80,084,476	8,576,915	3,954,573
Deferred Outflows of Resources						
Deferred outflows of resources related to pensions	83,536	50,536	106,452	240,524	11,929	29,473
Deferred outflows of resources related to OPEB	21,438	12,692	28,299	62,429	3,430	7,889
Total deferred outflows of resources	104,974	63,228	134,751	302,953	15,359	37,362
Total assets and deferred outflows of resources	\$ 41,509,679	\$ 19,854,321	\$ 19,023,429	\$ 80,387,429	\$ 8,592,274	\$ 3,991,935
Liabilities						
Current liabilities						
Accounts payable	\$ 88,367	\$ 655,779	\$ 1,388,542	\$ 2,132,688	\$ 4,143	\$ 211,805
Due to other funds	11,024	860,061	14,171	885,256	2,039	3,845
Interest payable	157,086	-	-	157,086	-	-
Salaries payable	54,911	32,866	83,439	171,216	12,848	19,217
Compensated absences	113,436	105,214	246,893	465,543	55,259	71,995
Deposits payable	21,013	-	119,039	140,052	-	-
Unearned revenue	1,417	-	-	1,417	-	9,545
Total OPEB liability	9,627	5,699	12,708	28,034	1,540	3,543
Note from direct borrowing - current portion	1,034,000	-	-	1,034,000	-	-
Total current liabilities	1,490,881	1,659,619	1,864,792	5,015,292	75,829	319,950
Noncurrent liabilities						
Compensated absences	124,968	110,281	267,336	502,585	57,971	72,878
Note from direct borrowing	20,652,000	-	-	20,652,000	-	-
Total OPEB liability	91,617	54,237	120,934	266,788	14,659	33,715
Net pension liability	429,761	259,989	547,658	1,237,408	61,372	151,628
Less amount due within one year	(1,157,063)	(110,913)	(259,601)	(1,527,577)	(56,799)	(75,538)
Total noncurrent liabilities	20,141,283	313,594	676,327	21,131,204	77,203	182,683
Total liabilities	21,632,164	1,973,213	2,541,119	26,146,496	153,032	502,633
Deferred Inflows of Resources						
Deferred inflows of resources related to pensions	312,470	189,032	398,190	899,692	44,622	110,245
Deferred inflows of resources related to leases	509,148	-	-	509,148	-	-
Deferred inflows of resources related to OPEB	8,664	5,130	11,438	25,232	1,386	3,189
Total deferred inflows of resources	830,282	194,162	409,628	1,434,072	46,008	113,434
Net Position						
Net investment in capital assets	15,629,253	18,281,219	6,919,411	40,829,883	7,384,946	1,311,129
Unrestricted	3,417,980	(594,273)	9,153,271	11,976,978	1,008,288	2,064,739
Total net position	19,047,233	17,686,946	16,072,682	52,806,861	8,393,234	3,375,868
Total liabilities, deferred inflows of resources, and net position	\$ 41,509,679	\$ 19,854,321	\$ 19,023,429	\$ 80,387,429	\$ 8,592,274	\$ 3,991,935

Adjustment to reflect the consolidation of internal
service fund activities related to enterprise funds

Total business-type activities net position

Business-Type Activities - Enterprise Fund		
Nonmajor		Governmental Activities - Internal Service Funds
Parking Lot (611)	Total	
\$ 12,513	\$ 16,994,116	\$ 1,280,756
-	852,955	99,657
-	219	-
-	4,665,983	6,023
-	509,148	-
-	1,417	-
-	1,212,151	-
-	1,350	28,474
<u>12,513</u>	<u>24,237,339</u>	<u>1,414,910</u>
375,850	6,693,371	-
-	44,964,341	-
-	40,603,302	-
-	12,824,020	284,853
-	11,011,934	-
<u>375,850</u>	<u>116,096,968</u>	<u>284,853</u>
-	(47,329,980)	(215,789)
<u>375,850</u>	<u>68,766,988</u>	<u>69,064</u>
<u>375,850</u>	<u>68,766,988</u>	<u>69,064</u>
<u>388,363</u>	<u>93,004,327</u>	<u>1,483,974</u>
-	281,926	-
-	73,748	-
-	355,674	-
<u>\$ 388,363</u>	<u>\$ 93,360,001</u>	<u>\$ 1,483,974</u>
\$ 30	\$ 2,348,666	\$ 15,556
-	891,140	2,090
-	157,086	-
-	203,281	28,150
-	592,797	65,712
-	140,052	-
-	10,962	-
-	33,117	-
-	1,034,000	-
<u>30</u>	<u>5,411,101</u>	<u>111,508</u>
-	633,434	71,493
-	20,652,000	-
-	315,162	-
-	1,450,408	-
-	(1,659,914)	(65,712)
-	21,391,090	5,781
<u>30</u>	<u>26,802,191</u>	<u>117,289</u>
-	1,054,559	-
-	509,148	-
-	29,807	-
-	1,593,514	-
375,850	49,901,808	69,064
12,483	15,062,488	1,297,621
<u>388,333</u>	<u>64,964,296</u>	<u>1,366,685</u>
<u>\$ 388,363</u>	<u>93,360,001</u>	<u>\$ 1,483,974</u>
	<u>535,538</u>	
	<u>\$ 65,499,834</u>	

City of Fairmont
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2024

	Business-Type Activities - Enterprise Funds			Total Public Utilities Commission
	Water Utility (601)	Wastewater Utility (602)	Electric Utility (604)	
Operating Revenues				
Sales	\$ -	\$ -	\$ -	\$ -
Cost of sales	-	-	-	-
Charges for services	6,029,390	2,434,463	16,451,082	24,914,935
Miscellaneous revenues	509,538	1,034,097	705,161	2,248,796
Total operating revenues	<u>6,538,928</u>	<u>3,468,560</u>	<u>17,156,243</u>	<u>27,163,731</u>
Operating Expenses				
Personnel services	1,372,013	840,232	1,854,783	4,067,028
Supplies	366,723	129,418	13,097,877	13,594,018
Professional services	474,288	585,860	339,551	1,399,699
Repairs and maintenance	268,264	104,143	343,595	716,002
Depreciation	1,068,543	767,650	444,061	2,280,254
Insurance premiums and claims paid	-	-	-	-
Total operating expenses	<u>3,549,831</u>	<u>2,427,303</u>	<u>16,079,867</u>	<u>22,057,001</u>
Operating income	2,989,097	1,041,257	1,076,376	5,106,730
Nonoperating Revenues (Expenses)				
Investment income	137,113	77,095	406,951	621,159
Gain (loss) on disposal of capital assets	(90,430)	(3,815)	19,632	(74,613)
Operating grant	25,386	-	893	26,279
Payments to Economic Development Authority	(23,173)	(14,143)	(77,684)	(115,000)
Interest expense	(445,378)	(11,784)	-	(457,162)
Total nonoperating revenues (expenses)	<u>(396,482)</u>	<u>47,353</u>	<u>349,792</u>	<u>663</u>
Income before transfers	2,592,615	1,088,610	1,426,168	5,107,393
Insurance reimbursement	-	426,557	-	426,557
Transfers in	1,032,255	-	-	1,032,255
Transfers out	(166,244)	(101,459)	(557,297)	(825,000)
Change in net position	3,458,626	1,413,708	868,871	5,741,205
Net Position				
Beginning of year	<u>15,588,607</u>	<u>16,273,238</u>	<u>15,203,811</u>	<u>47,065,656</u>
End of year	<u>\$ 19,047,233</u>	<u>\$ 17,686,946</u>	<u>\$ 16,072,682</u>	<u>\$ 52,806,861</u>

Business-Type Activities -
Enterprise Funds

Storm Sewer Utility (603)	Municipal Liquor (609)	Nonmajor		Total	Governmental Activities - Internal Service Funds
		Parking Lot (611)			
\$ -	\$ 4,721,796	\$ -		\$ 4,721,796	\$ -
-	(3,400,103)	-		(3,400,103)	-
589,566	-	8,400		25,512,901	3,416,343
-	30	-		2,248,826	39,487
<u>589,566</u>	<u>1,321,723</u>	<u>8,400</u>		<u>29,083,420</u>	<u>3,455,830</u>
233,952	525,112	-		4,826,092	250,950
43,719	10,406	593		13,648,736	67,714
-	159,909	5,038		1,564,646	374,504
50,471	10,311	-		776,784	-
260,795	45,056	-		2,586,105	12,170
-	-	-		-	2,644,799
<u>588,937</u>	<u>750,794</u>	<u>5,631</u>		<u>23,402,363</u>	<u>3,350,137</u>
629	570,929	2,769		5,681,057	105,693
31,368	126,794	377		779,698	49,609
-	-	-		(74,613)	-
-	-	-		26,279	-
-	-	-		(115,000)	-
-	-	-		(457,162)	-
<u>31,368</u>	<u>126,794</u>	<u>377</u>		<u>159,202</u>	<u>49,609</u>
31,997	697,723	3,146		5,840,259	155,302
-	-	-		426,557	-
-	-	-		1,032,255	-
-	(1,290,000)	-		(2,115,000)	-
<u>31,997</u>	<u>(592,277)</u>	<u>3,146</u>		<u>5,184,071</u>	<u>155,302</u>
<u>8,361,237</u>	<u>3,968,145</u>	<u>385,187</u>		<u>59,780,225</u>	<u>1,211,383</u>
<u>\$ 8,393,234</u>	<u>\$ 3,375,868</u>	<u>\$ 388,333</u>		<u>\$ 64,964,296</u>	<u>\$ 1,366,685</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 \$ 78,805

Change in net position- business-type activities \$ 5,262,876

City of Fairmont
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2024

	Business-Type Activities - Enterprise Funds				
	Water Utility (601)	Wastewater Utility (602)	Electric Utility (604)	Total Public Utilities Commission	Storm Sewer Utility (603)
Cash Flows - Operating Activities					
Receipts from customers	\$ 6,199,633	\$ 1,991,887	\$ 16,127,302	\$ 24,318,822	\$ 591,024
Interfund services provided and used	-	-	-	-	-
Payments to suppliers for goods and services	(1,055,048)	(753,973)	(13,684,782)	(15,493,803)	(90,395)
Payments to employees for services	(1,424,421)	(863,700)	(1,783,054)	(4,071,175)	(210,971)
Other operating revenues	509,538	1,034,097	705,161	2,248,796	-
Net cash flows - operating activities	<u>4,229,702</u>	<u>1,408,311</u>	<u>1,364,627</u>	<u>7,002,640</u>	<u>289,658</u>
Cash Flows - Noncapital Financing Activities					
Refunds and reimbursements	25,386	-	893	26,279	-
Increase (decrease) in interfund receivables/payables	(2,194)	851,124	(853,345)	(4,415)	(197)
Payments to Economic Development Authority	(23,173)	(14,143)	(77,684)	(115,000)	-
Transfer to other funds	(166,244)	(101,459)	(557,297)	(825,000)	-
Net cash flows - noncapital financing activities	<u>(166,225)</u>	<u>735,522</u>	<u>(1,487,433)</u>	<u>(918,136)</u>	<u>(197)</u>
Cash Flows - Capital and Related Financing Activities					
Principal paid on debt	(1,012,573)	(808,000)	-	(1,820,573)	-
Interest paid on debt	(452,259)	(16,867)	-	(469,126)	-
Note proceeds	3,053	-	-	3,053	-
Acquisition of capital assets	(791,564)	(2,423,715)	(880,635)	(4,095,914)	-
Transfer from other funds	1,032,255	-	-	1,032,255	-
Proceeds from disposal of capital assets	5,924	426,557	260,657	693,138	-
Net cash flows - capital and related financing activities	<u>(1,215,164)</u>	<u>(2,822,025)</u>	<u>(619,978)</u>	<u>(4,657,167)</u>	<u>-</u>
Cash Flows - Investing Activities					
Investment income	137,113	77,095	406,951	621,159	31,368
Net change in cash and cash equivalents	2,985,426	(601,097)	(335,833)	2,048,496	320,829
Cash and Cash Equivalents					
January 1	<u>3,104,766</u>	<u>627,542</u>	<u>7,939,641</u>	<u>11,671,949</u>	<u>811,342</u>
December 31	<u>\$ 6,090,192</u>	<u>\$ 26,445</u>	<u>\$ 7,603,808</u>	<u>\$ 13,720,445</u>	<u>\$ 1,132,171</u>
Reconciliation of Operating Income to Net Cash Flows - Operating Activities					
Operating income	\$ 2,989,097	\$ 1,041,257	\$ 1,076,376	\$ 5,106,730	\$ 629
Adjustments to reconcile operating income to net cash flows - operating activities					
Depreciation	1,068,543	767,650	444,061	2,280,254	260,795
Pension expense	(93,201)	(35,608)	(58,786)	(187,595)	(6,193)
Accounts receivable	170,282	(442,576)	(328,538)	(600,832)	1,458
Due from other governments	(8)	-	-	(8)	-
Prepaid items	-	-	-	-	-
Inventories	9,079	-	(90,122)	(81,043)	-
Accounts payable	45,148	65,448	186,363	296,959	3,795
Salaries payable	(1,675)	(643)	17,544	15,226	4,988
Deposits	(31)	-	4,758	4,727	-
Unearned revenue	-	-	-	-	-
OPEB obligation	(3,333)	(1,626)	7,469	2,510	696
Compensated absences payable	45,801	14,409	105,502	165,712	23,490
Total adjustments	<u>1,240,605</u>	<u>367,054</u>	<u>288,251</u>	<u>1,895,910</u>	<u>289,029</u>
Net cash flows - operating activities	<u>\$ 4,229,702</u>	<u>\$ 1,408,311</u>	<u>\$ 1,364,627</u>	<u>\$ 7,002,640</u>	<u>\$ 289,658</u>

Business-Type Activities -
Enterprise Funds

Nonmajor			Governmental Activities - Internal Service Funds
Municipal Liquor (609)	Parking Lot (611)	Total	
\$ 1,346,961	\$ 8,024	\$ 26,264,831	\$ -
-	-	-	3,410,320
(171,743)	(5,636)	(15,761,577)	(3,086,481)
(507,572)	-	(4,789,718)	(221,004)
30	-	2,248,826	39,487
<u>667,676</u>	<u>2,388</u>	<u>7,962,362</u>	<u>142,322</u>
-	-	26,279	-
(837)	-	(5,449)	13,986
-	-	(115,000)	-
<u>(1,290,000)</u>	<u>-</u>	<u>(2,115,000)</u>	<u>-</u>
<u>(1,290,837)</u>	<u>-</u>	<u>(2,209,170)</u>	<u>13,986</u>
-	-	(1,820,573)	-
-	-	(469,126)	-
-	-	3,053	-
-	-	(4,095,914)	-
-	-	1,032,255	-
-	-	693,138	-
<u>-</u>	<u>-</u>	<u>(4,657,167)</u>	<u>-</u>
126,794	377	779,698	49,608
(496,367)	2,765	1,875,723	205,916
<u>2,625,354</u>	<u>9,748</u>	<u>15,118,393</u>	<u>1,074,840</u>
<u>\$ 2,128,987</u>	<u>\$ 12,513</u>	<u>\$ 16,994,116</u>	<u>\$ 1,280,756</u>
\$ 570,929	\$ 2,769	\$ 5,681,057	\$ 105,693
45,056	-	2,586,105	12,170
(20,345)	-	(214,133)	-
24,673	(376)	(575,077)	(6,023)
-	-	(8)	-
-	-	-	4,380
3,884	-	(77,159)	-
4,999	(5)	305,748	(4,199)
(2,689)	-	17,525	686
-	-	4,727	-
595	-	595	-
1,414	-	4,620	-
39,160	-	228,362	29,615
<u>96,747</u>	<u>(381)</u>	<u>2,281,305</u>	<u>36,629</u>
<u>\$ 667,676</u>	<u>\$ 2,388</u>	<u>\$ 7,962,362</u>	<u>\$ 142,322</u>

**City of Fairmont
Statement of Fiduciary Net Position
December 31, 2024**

	<u>HEAT Tactical Team</u>
Assets	
Cash and investments	<u>\$ 38,354</u>
Liabilities	
Accounts payable	<u>6,873</u>
Net Position	
Restricted for individuals, organizations and other governments	<u><u>\$ 31,481</u></u>

**City of Fairmont
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2024**

	<u>HEAT Tactical Team</u>
Additions	
Contributions	<u>\$ 91,957</u>
Deductions	
Public safety	<u>93,964</u>
Change in net position	(2,007)
Beginning net position	<u>33,488</u>
Ending net position	<u><u>\$ 31,481</u></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 to 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.

1. **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 166 of these financial statements.
2. **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 and fiduciary 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.

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

2023 Capital Improvement Program - This fund is used to account for costs associated with major street replacement projects which began in 2023.

Proprietary Funds:

Enterprise Funds - These 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.

Water Utility Fund - Water is obtained from surface water taken from Budd Lake, treated, and 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)

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

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

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

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

Parking Lot - This fund is used to account for the parking lot operations.

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 Fund - This fund is 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 an outside organization. The City is the fiscal host.

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:

- a. Direct obligations or obligations guaranteed by the United States or its agencies.
- b. 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.
- c. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
- d. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
- e. 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.
- f. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- g. 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.
- h. 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)

- i. 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, 2024:

- Municipal bonds and other government backed securities of \$14,511,397 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 contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

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 - Investments: This 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, 2024, all investments were insured or registered, or securities were held by the City or its agent in the City's name.

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)

- **Credit Risk:** This 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.

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.

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)

3. Property Taxes (Continued)

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 2024. 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.

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.

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

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.

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

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

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

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

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)

10. Lease Receivable

The City is a lessor for numerous noncancellable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date.

Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term in a systematic and rational manner.

Key estimates and judgments include how the City determines (1) the discount rate, (2) lease term, (3) lease receipts, and (4) amortization.

The City determines the discount rate for leases based on the applicable State and Local Government Securities (SLGS) rate. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

11. Right-to-Use Lease Assets/Lease Liabilities

The City is a lessor for numerous noncancellable leases. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the lease liability plus any payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Key estimates and judgments related to leases include (1) the discount rate, (2) lease term, (3) lease payments, and (4) amortization.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City determines its estimated borrowing rate based on the applicable State and Local Government Securities rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a re-measurement of the leases and will remeasure the right-to-use lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease 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)

12. 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.

13. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds under the modified accrual presentation only if they have matured, for example, as a result of employee resignations and retirements. The General fund is typically used to liquidate governmental activities compensated absences.

14. Postemployment Benefits Other Than Pensions

Under *Minnesota Statutes* § 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, 2023. The General fund is typically used to liquidate governmental other postemployment benefits payable.

15. 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.

**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. Pensions

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

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

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

	Public Employees Retirement Association of Minnesota (PERA)		Fire Relief Association	Total All Plans
	GERP	PEPFP		
Pension Expense	\$ 173,915	\$ 264,885	\$ -	\$ 438,800

17. 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.

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)

18. 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.
- **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.

19. 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.

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)

19. Net Position (Continued)

- 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.

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. 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 2024 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 fund had a fund equity deficit at December 31, 2024:

Capital Projects	
2022 Capital Improvement Program	\$ 202,491

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

City of Fairmont
Notes to Basic Financial Statements

NOTE 3 - DEPOSITS AND INVESTMENTS

A. Deposits

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

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

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 \$17,530,129, including \$38,354 reported in fiduciary funds. The bank balance was \$18,020,895. The bank balance was covered by federal depository insurance of \$1,000,000. Of the remaining balance, \$17,020,895, 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, 2024, the City had the following investments and maturities:

Investment Type	Rating (Moody/S&P)	Fair Value	Investment Maturities			
			Less than One Year	1-2 Years	2-5 Years	Greater than 10 Years
Pooled Investments						
Municipal bonds	N/A	\$ 2,431,050	\$ 672,976	\$ -	\$ 1,758,074	\$ -
Other gov't backed securities	N/A	12,080,347	1,884,783	7,963,892	2,231,672	-
4M	N/A	19,392,216	19,392,216	-	-	-
Total		<u>\$ 33,903,613</u>	<u>\$ 21,949,975</u>	<u>\$ 7,963,892</u>	<u>\$ 3,989,746</u>	<u>\$ -</u>

C. 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, 2024, were as follows:

Deposits (Note 3.A.)	\$ 17,530,129
Investments (Note 3.B.)	33,903,613
Petty cash	<u>3,123</u>
Total deposits and investments	<u><u>\$ 51,436,865</u></u>

Deposits and investments are presented in the December 31, 2024, basic financial statements as follows:

Statement of Net Position	
Cash and investments - City	\$ 50,865,519
Cash and investments - EDA	532,992
Statement of Fiduciary Net Position	
Cash and investments	<u>38,354</u>
Total deposits and investments	<u><u>\$ 51,436,865</u></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% to 6% within twenty years. The balance of these notes at December 31, 2024, is \$1,000,981.

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, 2024, are \$297,597 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, 2024, was \$30,000. The City has recognized a Lease Receivable and Deferred Inflow of Resources of \$509,148 related to this agreement.

The City leases land through Timothy Maschoff and David Shumski. Revenue from these leases for the year ended December 31, 2024, was \$156,954. The City has recognized a Lease Receivable and Deferred Inflow of Resources of \$39,239 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, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated/amortized				
Land	\$ 3,908,728	\$ -	\$ -	\$ 3,908,728
Construction in progress	11,584,548	6,192,752	(9,789,424)	7,987,876
Total capital assets not being depreciated/amortized	<u>15,493,276</u>	<u>6,192,752</u>	<u>(9,789,424)</u>	<u>11,896,604</u>
Capital assets being depreciated/amortized				
Buildings	10,335,237	9,640,760	-	19,975,997
Machinery and equipment	6,071,719	298,808	(159,724)	6,210,803
Improvements other than buildings	21,342,322	436,472	-	21,778,794
Lease equipment	25,291	-	(25,291)	-
Vehicles	4,003,628	594,248	(57,822)	4,540,054
Bridges	5,202,392	-	-	5,202,392
Infrastructure	61,360,037	-	-	61,360,037
Total capital assets being depreciated/amortized	<u>108,340,626</u>	<u>10,970,288</u>	<u>(242,837)</u>	<u>119,068,077</u>
Less accumulated depreciation/amortization for				
Buildings	(4,969,553)	(223,685)	-	(5,193,238)
Machinery and equipment	(4,151,884)	(318,728)	122,352	(4,348,260)
Improvements other than buildings	(9,947,563)	(940,478)	-	(10,888,041)
Lease equipment	(20,233)	(5,058)	25,291	-
Vehicles	(2,773,539)	(154,582)	34,005	(2,894,116)
Bridges	(2,017,826)	(110,825)	-	(2,128,651)
Infrastructure	(26,975,377)	(1,523,040)	-	(28,498,417)
Total accumulated depreciation/amortization	<u>(50,855,975)</u>	<u>(3,276,396)</u>	<u>181,648</u>	<u>(53,950,723)</u>
Total capital assets being depreciated/amortized, net	<u>57,484,651</u>	<u>7,693,892</u>	<u>(61,189)</u>	<u>65,117,354</u>
Governmental activities capital position, net	<u>\$ 72,977,927</u>	<u>\$ 13,886,644</u>	<u>\$ (9,850,613)</u>	<u>\$ 77,013,958</u>

City of Fairmont
Notes to Basic Financial Statements

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 1,718,715	\$ -	\$ -	\$ 1,718,715
Construction in progress	<u>5,547,501</u>	<u>3,140,076</u>	<u>(3,712,921)</u>	<u>4,974,656</u>
Total capital assets not being depreciated	<u>7,266,216</u>	<u>3,140,076</u>	<u>(3,712,921)</u>	<u>6,693,371</u>
Capital assets being depreciated				
Buildings	42,956,635	2,030,294	(22,588)	44,964,341
Machinery and equipment	12,648,700	951,616	(776,297)	12,824,019
Improvements other than buildings	<u>51,096,716</u>	<u>2,336,605</u>	<u>(1,818,084)</u>	<u>51,615,237</u>
Total capital assets being depreciated	<u>106,702,051</u>	<u>5,318,515</u>	<u>(2,616,969)</u>	<u>109,403,597</u>
Less accumulated depreciation for				
Buildings	(11,919,553)	(826,217)	22,588	(12,723,182)
Machinery and equipment	(8,500,652)	(647,534)	776,297	(8,371,889)
Improvements other than buildings	<u>(26,520,869)</u>	<u>(1,112,354)</u>	<u>1,398,314</u>	<u>(26,234,909)</u>
Total accumulated depreciation	<u>(46,941,074)</u>	<u>(2,586,105)</u>	<u>2,197,199</u>	<u>(47,329,980)</u>
Total capital assets being depreciated, net	<u>59,760,977</u>	<u>2,732,410</u>	<u>(419,770)</u>	<u>62,073,617</u>
Business-type activities capital assets, net	<u>\$ 67,027,193</u>	<u>\$ 5,872,486</u>	<u>\$ (4,132,691)</u>	<u>\$ 68,766,988</u>

City of Fairmont
Notes to Basic Financial Statements

NOTE 5 - CAPITAL ASSETS (CONTINUED)

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

Governmental activities		
General government	\$	73,286
Public safety		228,287
Streets and highways		1,833,873
Culture and recreation		571,258
Housing and economic development		36,427
Airport		521,095
Internal service funds		<u>12,170</u>
Total depreciation/amortization expense - governmental activities	<u>\$</u>	<u>3,276,396</u>
Business-type activities		
Electric Utility	\$	444,061
Water Utility		1,068,543
Wastewater Utility		767,650
Storm Sewer Utility		260,795
Liquor		<u>45,056</u>
Total depreciation expense - business-type activities	<u>\$</u>	<u>2,586,105</u>

NOTE 6 - COMMITMENTS

The City has active construction projects as of December 31, 2024. At year end the City's commitments with contractors are as follows:

<u>Fund</u>	<u>Remaining Commitment</u>	<u>Contract Amount</u>
Capital Reserve	\$ 2,450	\$ 929,472
Nonmajor governmental funds	323,932	2,553,469
2023 Capital improvement program	304,083	1,897,402
Waterwater Utility	<u>28,906,668</u>	<u>30,680,990</u>
Total	<u>\$ 29,537,133</u>	<u>\$ 36,061,333</u>

City of Fairmont
Notes to Basic Financial Statements

NOTE 7 - INTERFUND ASSETS/LIABILITIES

A. Due To/From Other Funds

The composition of interfund balances as of December 31, 2024, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water	\$ 663
Nonmajor Governmental Funds	Nonmajor Governmental Funds	160,912
Electric	Wastewater	852,955
Internal Service Fund	General Fund	58,350
Internal Service Fund	Water	11,024
Internal Service Fund	Wastewater	7,106
Internal Service Fund	Electric	14,171
Internal Service Fund	Nonmajor Governmental Funds	1,032
Internal Service Fund	Storm Sewer	2,039
Internal Service Fund	Municipal Liquor	3,845
Internal Service Fund	Internal Service Fund	<u>2,090</u>
Total		<u>\$ 1,114,187</u>

The above amounts represent interfund billings that will be repaid during the first quarter of 2025 as well as interfund balances related to negative cash.

NOTE 8 - INTERFUND TRANSFERS

Transfers Out	Transfers In					Total
	General	Debt Service	Capital Reserve (405)	Nonmajor Governmental	Water	
General	\$ -	\$ -	\$ -	\$ 159,797	\$ 1,032,255	\$ 1,192,052
2023 Capital improvement program	-	-	-	8,226	-	8,226
Nonmajor governmental	-	265,782	1,515,985	1,368,599	-	3,150,366
Water Utility	166,244	-	-	-	-	166,244
Wastewater Utility	101,459	-	-	-	-	101,459
Electric Utility	557,297	-	-	-	-	557,297
Municipal Liquor	-	-	1,284,000	6,000	-	1,290,000
Total	<u>\$ 825,000</u>	<u>\$ 265,782</u>	<u>\$ 2,799,985</u>	<u>\$ 1,542,622</u>	<u>\$ 1,032,255</u>	<u>\$ 6,465,644</u>

The transfer of \$159,797 from the General Fund to the Nonmajor Funds will be used for future fire truck purchases and housing aids.

The transfer of \$1,032,255 from the General Fund to the Water Fund was for ARPA funds for the AMI Project.

The transfer of \$1,515,985 from the Nonmajor Funds to the Capital Reserve Fund was for the closing of capital project funds.

The transfer of \$1,368,599 from the Local Option Sales Tax Fund to the Community Center Fund is for the Community Center project.

City of Fairmont
Notes to Basic Financial Statements

NOTE 8 - INTERFUND TRANSFERS (CONTINUED)

The transfer of \$265,782 from the Nonmajor governmental funds to the Debt Service Fund is for the debt service.

The transfer of \$166,244 from the Water Fund to the General Fund for payment in lieu of taxes.

The transfer of \$101,459 from the Sewer Fund to the General Fund for payment in lieu of taxes.

The transfer of \$557,297 from the Electric Fund to the General Fund for payments in lieu of taxes.

The transfer of \$1,284,000 from the Liquor Fund to the Capital Reserve Fund is for various projects, primarily improvements to Gomsrud Park and the Airport.

The transfer of \$8,226 from the 2023 Capital improvement program to the nonmajor governmental funds is for various projects.

The transfer of \$6,000 from the Liquor Fund to the nonmajor governmental funds is for various projects.

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% of the amount required for debt service. The excess of 5% is to cover any delinquencies in tax or assessment payments.

	Issue Date	Interest Rates	Original Issue	Final Maturity	Balance End of Year	Due Within One Year
G.O. Improvement Bonds, Series 2015A	08/20/15	2.00%-3.00%	\$ 2,330,000	03/01/31	\$ 1,080,000	\$ 145,000
G.O. Improvement Crossover Refunding Bonds, Series 2016A	05/01/16	1.50%-2.00%	2,715,000	03/01/27	705,000	320,000
G.O. Improvement Bonds, Series 2017A	07/18/17	2.00%-3.00%	2,950,000	03/01/33	1,895,000	190,000
G.O. Improvement Bonds, Series 2019A	06/06/19	3.00%	2,600,000	03/01/35	2,010,000	155,000
G.O. Improvement and Refunding Bonds, Series 2021A	06/01/21	1.15%-3.00%	3,280,000	03/01/37	2,695,000	250,000
G.O. Improvement Bonds, Series 2021B	06/01/21	1.10%-3.00%	6,935,000	03/01/51	6,390,000	180,000
G.O. Improvement Bonds, Series 2024A	12/19/24	4.00%-5.00%	8,445,000	03/01/40	8,445,000	-
Total					<u>\$ 23,220,000</u>	<u>\$ 1,240,000</u>

City of Fairmont
Notes to Basic Financial Statements

NOTE 9 - LONG-TERM DEBT (CONTINUED)

Primary Government Debt (Continued)

A. General Obligation Improvement Bonds (Continued)

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

Year Ended December 31,	Governmental		Total
	Principal	Interest	
2025	\$ 1,240,000	\$ 582,901	\$ 1,822,901
2026	1,535,000	654,891	2,189,891
2027	1,540,000	605,550	2,145,550
2028	1,445,000	554,219	1,999,219
2029	1,495,000	503,666	1,998,666
2030-2034	6,785,000	1,833,118	8,618,118
2035-2039	5,200,000	897,366	6,097,366
2040-2044	2,000,000	285,531	2,285,531
2045-2049	1,385,000	137,506	1,522,506
2050-2051	595,000	12,697	607,697
Total	<u>\$ 23,220,000</u>	<u>\$ 6,067,445</u>	<u>\$ 29,287,445</u>

B. General Obligation Revenue Bonds/Notes

The following bonds were issued to finance capital improvements to the Water Utility fund. 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
2011 G.O. Revenue Notes (PFA)	10/11/11	2.23%	\$ 28,902,811	08/20/41	\$ 18,294,000	\$ 914,000
2021 G.O. Revenue Notes (PFA)	12/21/21	1.00%	2,760,479	08/20/42	2,358,000	120,000
Total					<u>\$ 20,652,000</u>	<u>\$ 1,034,000</u>

City of Fairmont
Notes to Basic Financial Statements

NOTE 9 - LONG-TERM DEBT (CONTINUED)

Primary Government Debt (Continued)

B. General Obligation Revenue Bonds/Notes (Continued)

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

Year Ended December 31,	Business Type		
	Principal	Interest	Total
2025	\$ 1,034,000	\$ 432,268	\$ 1,466,268
2026	1,055,000	410,649	1,465,649
2027	1,077,000	388,574	1,465,574
2028	1,100,000	366,031	1,466,031
2029	1,123,000	342,987	1,465,987
2030-2034	5,978,000	1,351,422	7,329,422
2035-2039	6,634,000	695,504	7,329,504
2040-2042	2,651,000	79,611	2,730,611
Total	<u>\$ 20,652,000</u>	<u>\$ 4,067,046</u>	<u>\$ 24,719,046</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, 2024, are as follows:

	Water Utility	Wastewater Utility
Revenues	\$ 6,701,427	\$ 3,972,212
Principal and Interest	1,464,832	824,867
Percentage of Revenues	21.9%	20.8%

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

The annual debt service requirements to maturity presented are based on the final projected costs and debt authorized by the Minnesota Public Facilities Authority. The balance of the debt represents costs incurred through December 31, 2024.

Interest was 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)

General Obligation Bonds (Continued)

C. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities					
Bonds and leases payable					
General obligation special assessment bonds	\$ 16,335,000	\$ 8,445,000	\$ (1,560,000)	\$ 23,220,000	\$ 1,240,000
Lease payable	5,151	-	(5,151)	-	-
Plus (less) deferred amounts for premium and discount	393,696	507,565	(31,001)	870,260	-
Total bonds and leases payable	<u>16,733,847</u>	<u>8,952,565</u>	<u>(1,596,152)</u>	<u>24,090,260</u>	<u>1,240,000</u>
Total OPEB liability	411,614	-	(3,369)	408,245	42,898
Net pension liability	3,685,474	-	(1,074,716)	2,610,758	-
Compensated absences (net)	<u>766,679</u>	<u>472,749</u>	<u>-</u>	<u>1,239,428</u>	<u>775,813</u>
Total governmental activities	<u>\$ 21,597,614</u>	<u>\$ 9,425,314</u>	<u>\$ (2,674,237)</u>	<u>\$ 28,348,691</u>	<u>\$ 2,058,711</u>
	Ending Balance	Additions	Retirements	Ending Balance	Due Within One Year
Business-type activities					
Notes from direct borrowing	\$ 22,469,520	\$ 3,053	\$ (1,820,573)	\$ 20,652,000	\$ 1,034,000
Total OPEB liability	311,274	3,888	-	315,162	34,748
Net pension liability	2,172,126	-	(721,718)	1,450,408	-
Compensated absences (net)	<u>405,072</u>	<u>228,362</u>	<u>-</u>	<u>633,434</u>	<u>592,797</u>
Total business-type activities	<u>\$ 25,357,992</u>	<u>\$ 235,303</u>	<u>\$ (2,542,291)</u>	<u>\$ 23,051,004</u>	<u>\$ 1,661,545</u>
	Ending Balance	Additions	Retirements	Ending Balance	Due Within One Year
Component Unit Activities					
Total OPEB liability	\$ 9,521	\$ 7	\$ -	\$ 9,528	\$ 1,063
Net pension liability	62,519	-	(18,933)	43,586	-
Compensated absences (net)	<u>8,599</u>	<u>3,050</u>	<u>-</u>	<u>11,649</u>	<u>10,927</u>
Total component unit activities	<u>\$ 80,639</u>	<u>\$ 3,057</u>	<u>\$ (18,933)</u>	<u>\$ 64,763</u>	<u>\$ 11,990</u>

City of Fairmont
Notes to Basic Financial Statements

NOTE 9 - LONG-TERM DEBT (CONTINUED)

D. Conduit Debt Obligations

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

Issued To	Issue Date	Amount Issued	Balance at Year End
Goldfinch Estates - Vista Prairie Communities Project	5/21/2015	\$ 5,454,000	\$ 3,763,786

City of Fairmont
Notes to Basic Financial Statements

NOTE 10 - COMPONENTS OF FUND BALANCE

At December 31, 2024, 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 Reserve (405)	2023 Capital Improvement Program (483)	Other Governmental Funds	Total
Fund balances						
Nonspendable						
Prepaid items	\$ 190	\$ -	\$ -	\$ -	\$ -	\$ 190
Restricted						
Debt service	-	3,024,678	-	-	-	3,024,678
Capital projects	-	-	-	5,815,022	4,302,359	10,117,381
Housing and economic development	-	-	-	-	2,390,838	2,390,838
Public safety	455,851	-	-	-	-	455,851
Total restricted	<u>455,851</u>	<u>3,024,678</u>	<u>-</u>	<u>5,815,022</u>	<u>6,693,197</u>	<u>15,988,748</u>
Committed						
Police department capital	15,440	-	-	-	-	15,440
Bike trail	2,897	-	-	-	-	2,897
LaFrance	4,172	-	-	-	-	4,172
Fire department	262,110	-	-	-	-	262,110
Aeronautics	-	-	-	-	597,002	597,002
Capital projects	-	-	1,875,861	-	5,363,172	7,239,033
Central college incubator	-	-	-	-	80,593	80,593
Conservation	-	-	-	-	387,952	387,952
Wetland bank	-	-	-	-	62,889	62,889
Micro loans	-	-	-	-	89,578	89,578
Total committed	<u>284,619</u>	<u>-</u>	<u>1,875,861</u>	<u>-</u>	<u>6,581,186</u>	<u>8,741,666</u>
Assigned						
Cash flow	3,000,000	-	-	-	-	3,000,000
Police equipment	46,377	-	-	-	-	46,377
Fire equipment	61,000	-	-	-	-	61,000
Housing demolition	201,857	-	-	-	-	201,857
Engineer equipment	75,000	-	-	-	-	75,000
Aquatic park	29,848	-	-	-	-	29,848
Finance equipment	195,367	-	-	-	-	195,367
Drug enforcement	55,507	-	-	-	-	55,507
Government building	3,256,564	-	-	-	-	3,256,564
Street equipment	120,880	-	-	-	-	120,880
Park trail	372,582	-	-	-	-	372,582
Total assigned	<u>7,414,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,414,982</u>
Unassigned						
	<u>1,353,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(202,491)</u>	<u>1,150,765</u>
Total fund balances	<u>\$ 9,508,898</u>	<u>\$ 3,024,678</u>	<u>\$ 1,875,861</u>	<u>\$ 5,815,022</u>	<u>\$ 13,071,892</u>	<u>\$ 33,296,351</u>

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, 2024, was \$397,676, of that amount, \$18,932 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, Wastewater, Electric, Storm Sewer 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, 353D, 353E, 353G, and 356. *Minnesota Statutes* Chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

Public Employees Police and Fire Plan

Membership in the Police and Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in *Minnesota Statutes* § 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police and Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the [City's] governing body. The resolution must state that the position meets plan requirements.

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. When a member is vested, they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

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 Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any 5 successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of the highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or a age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2024 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after 10 years. After five years, vesting increase by 10% each full year of service until members are 100% vested after 10 years. Police and Fire Plan members receive 3% of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417% each month members are younger than age 55.

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 Chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

General Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.5% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024, were \$442,528. 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 2024 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, 2024, were \$307,036. 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, 2024, the City reported a liability of \$2,519,326 for its proportionate share of the General Employees Fund's net pension liability, of that amount, \$43,586 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 \$65,145.

City's proportionate share of the net pension liability	\$ 2,519,326
State of Minnesota's proportionate share of the net pension liability associated with the City	65,145
Total	\$ 2,584,471

The net pension liability was measured as of June 30, 2024, 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, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0681% at the end of the measurement period and 0.0677% for the beginning of the period.

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)

For the year ended December 31, 2024, the City recognized pension expense of \$173,916 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$1,746 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 \$18,932 has been allocated to the discretely presented component unit - Economic Development Authority.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedule for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$115,917 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

At December 31, 2024, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 236,985	\$ -
Changes in actuarial assumptions	12,725	948,961
Net Collective difference between projected and actual investment earnings	-	745,214
Change in proportion	18,723	137,570
Contributions paid to PERA subsequent to the measurement date	221,264	-
Total	\$ 489,697	\$ 1,831,745

The \$221,264 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, 2025, of this amount, \$7,656 has been contributed by the discretely presented component unit - Economic Development Authority. From the total above amounts, \$8,472 of deferred outflows of resources and \$31,690 of the deferred inflows of resources 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)

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
2025	\$ (901,567)
2026	(166,763)
2027	(301,892)
2028	(193,090)
Total	\$ (1,563,312)

Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of \$1,585,426 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1205% at the end of the measurement period and 0.1236% for the beginning of the period.

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$60,436.

**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)

City's proportionate share of the net pension liability	\$ 1,585,426
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>60,436</u>
Total	<u><u>\$ 1,645,862</u></u>

For the year ended December 31, 2024, the City recognized pension expense of \$264,880 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$5,869 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 \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City also recognized \$34,224 for the year ended December 31, 2024, 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.

At December 31, 2024, 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	\$ 645,457	\$ -
Changes in actuarial assumptions	1,954,623	2,394,991
Net difference between projected and actual investment earnings	-	450,778
Change in proportion	37,437	509,406
Contributions paid to PERA subsequent to the measurement date	<u>153,518</u>	<u>-</u>
Total	<u><u>\$ 2,791,035</u></u>	<u><u>\$ 3,355,175</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 (Continued)

The \$153,518 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, 2025. 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
2025	\$ (115,876)
2026	406,288
2027	(291,700)
2028	(744,008)
2029	27,638
Total	\$ (717,658)

E. Long-Term Expected Return on Investment

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

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

City of Fairmont
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. 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 considered to be reasonable by the actuary. An investment return of 7.0% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1% for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% 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 General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation. The Police and Fire Plan was reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2024:

General Employees Fund

Changes in Actuarial Assumptions

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: Increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

City of Fairmont
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

Police and Fire Fund

Changes in Plan Provisions

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.
- The additional \$9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net positions of the General Employees and Police and Fire Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
General Employees Retirement Fund net pension liability			
City of Fairmont	\$ 5,409,068	\$ 2,476,496	\$ 64,190
Discretely presented component unit - Economic Development Authority	93,544	42,829	1,110

**City of Fairmont
Notes to Basic Financial Statements**

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

H. Pension Liability Sensitivity (Continued)

	1% Decrease in Discount rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City of Fairmont proportionate share of Police and Fire Fighters net pension liability	\$ 3,746,668	\$ 1,585,425	\$ (189,408)

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, 2023, the plan covered 31 active firefighters and 3 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with *Minnesota Statute* Chapter 69. The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of *Minnesota Statutes* - 1980). Funds are also derived from investment income.

B. Benefits Provided

A firefighter 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% of the pension as prescribed by the bylaws. This percentage increases 4% per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

City of Fairmont
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (CONTINUED)

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

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 \$128,561 made by the State of Minnesota for the Relief Association.

D. Pension Costs

At December 31, 2023, the City reported a net pension asset of \$487,593 for the plan. The net pension liability was measured as of December 31, 2023. The total pension liability used to calculate the net pension liability in accordance with GASB 68 was determined by Vanlwaarden 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, 2023	\$ 1,744,818	\$ 1,842,780	\$ (97,962)
Changes for the Year			
Service cost	72,110	-	72,110
Interest	90,037	-	90,037
Differences between expected and actual experience	(23,066)	-	(23,066)
Changes in assumptions	(75,374)	-	(75,374)
Contributions - state and local	-	109,283	(109,283)
Contributions - member	-	22,120	(22,120)
Net investment income	-	335,321	(335,321)
Benefit payments	(32,390)	(32,390)	-
Administrative expenses	-	(13,386)	13,386
Total net changes	<u>31,317</u>	<u>420,948</u>	<u>(389,631)</u>
Ending Balance December 31, 2023	<u>\$ 1,776,135</u>	<u>\$ 2,263,728</u>	<u>\$ (487,593)</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, 2023, the City recognized pension expense of (\$41,120). At December 31, 2023, 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	\$ -	\$ 106,377
Changes in actuarial assumptions	34,522	66,011
Net difference between projected and actual earnings on pension plan investments	-	21,165
City contributions subsequent to the measurement date	128,561	-
Total	\$ 163,083	\$ 193,553

Deferred outflows of resources totaling \$128,561 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, 2025.

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
2025	\$ (52,400)
2026	(21,309)
2027	16,669
2028	(66,976)
2029	(10,053)
Thereafter	(24,962)
Total	\$ (159,031)

**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, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Valuation Date</u>	<u>December 31, 2023</u>
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Actuarial assumptions	
Discount rate	6.25 %
Investment rate of return	6.25
Inflation	2.50

The 6.25% 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, 2023, 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	50.00 %	7.41 %
International equity	5.00	7.82
Fixed income	35.00	4.80
Real estate and alternatives	0.00	6.29
Cash and equivalents	10.00	3.27
	<hr/>	
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 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

<u>City of Fairmont's Proportionate Share of</u>	<u>1% Decrease in Discount Rate (5.25%)</u>	<u>Current Discount Rate (6.25%)</u>	<u>1% Increase in Discount Rate (7.25%)</u>
Net pension liability (asset)	\$ (433,952)	\$ (487,593)	\$ (539,062)

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

1. 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:

- a. Retirees who are at least 55 years of age and are PERA Basic, PERA Coordinated, or PERA Defined Contribution eligible; or
- b. 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
- c. 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.

2. 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 2024, implicit contributions totaled \$8,076.

D. Members

As of January 1, 2023, the following were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	7
Active employees	85
	92
Total	92

**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, 2023, with a measurement date of January 1, 2024. 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	3.70%, net of investment expense
Salary increases	Rates vary by service and contract group
Inflation	2.50%
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-2021 Generational Improvement Scale.

The discount rate used to measure the total OPEB liability was 3.70%. 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 \$732,935 was measured as of January 1, 2024, and was determined by an actuarial valuation as of January 1, 2023, of this amount \$9,528 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
Balances at January 1, 2024	\$ 732,409
Changes for the year	
Service cost	34,011
Interest	29,197
Assumption changes	11,043
Benefit payments	(73,725)
Net changes	526
Balances at December 31, 2024	\$ 732,935

Since the prior measurement date, the following assumptions changed:

- The discount rate was changed from 4.00% to 3.70%.

G. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 3.70% 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 (2.70%)	Current Discount Rate (3.70%)	1% Increase in Discount Rate (4.70%)
	City of Fairmont	\$ 767,004	\$ 723,407
EDA	10,102	9,528	8,989

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 (4%)	Current Medical Trend Rate (5%)	1% Increase in Medical Trend Rate (6%)
City of Fairmont	\$ 661,180	\$ 723,407	\$ 796,116
EDA	8,709	9,528	10,486

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

For the year ended December 31, 2024, the City recognized OPEB expense of \$72,531, of this amount \$943 was allocated to the discretely presented component unit - Economic Development Authority.

At December 31, 2024, 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	\$ 23,475	\$ 69,319
Liability Losses	78,065	-
Contributions to Plan Subsequent to the Measurement Date	69,967	-
Total	\$ 171,507	\$ 69,319

**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 \$69,967 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, 2025, of this amount \$970 was contributed by the discretely presented component unit - Economic Development Authority. Of the above deferred amounts, \$2,230 of deferred outflows of resources and \$901 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
2025	\$ 9,323
2026	9,325
2027	13,086
2028	(544)
2029	(544)
Thereafter	1,575
Total	\$ 32,221

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 the 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.

City of Fairmont
Notes to Basic Financial Statements

NOTE 13 - RISK MANAGEMENT (CONTINUED)

All funds of the City participate in the program and make payments to the 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 \$474,439 at December 31, 2024. The claims liability of \$3,945 reported in the fund at December 31, 2024, 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 2024, 2023, and 2022 were:

Year	January 1 Claims Liability	Current Year Claims and Changes in Estimates	Current Year Claim Payments	Claims Liability End of Year
2024	\$ 148	\$ 234,131	\$ (230,334)	\$ 3,945
2023	131	83,240	(83,223)	148
2022	14,475	201,462	(215,806)	131

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, 2024 was \$856,728 and \$7,678 for the Property, Equipment and Liability and Workers' Compensation Self-insurance funds, respectively. The claims liabilities of \$0 reported in the Property, Equipment and Liability and Worker's Compensation funds at December 31, 2024, 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.

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 2024, 2023, and 2022 were:

Year	January 1 Claims Liability	Current Year Claims and Changes in Estimates	Current Year Claim Payments	Claims Liability End of Year
2024	\$ -	\$ 4,751	\$ (4,751)	\$ -
2023	-	108	(108)	-
2022	-	11,477	(11,477)	-

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 currently a defendant in one lawsuit. Although the outcome of the lawsuit is not presently determinable, it is the opinion of the City's counsel that resolution of the matter will not have a material adverse effect on the financial condition of the City.

B. Commitments

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

C. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA) program. The amount received in 2024 was \$4,195,218. This accounted for 41% of General fund revenues.

City of Fairmont
Notes to Basic Financial Statements

NOTE 15 - TAX ABATEMENTS

As of December 31, 2024, the City has seven agreements entered into by the City listed below that abate City property taxes. Below is information specific to each agreement:

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

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

The City entered into a tax increment financing agreement (TIF #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.

City of Fairmont
Notes to Basic Financial Statements

NOTE 15 - TAX ABATEMENTS (CONTINUED)

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.

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

The City entered into a tax increment financing agreement (TIF #28) on February 14, 2022 with a developer in which the developer incurred costs for the acquisition and construction of an approximately 31,000 square-foot expansion of an existing manufacturing 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 housing development. The pay-as-you-go agreement has a maximum return to the developer of \$1,380,168 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 February 1, 2033. 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, 2024, 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
Tax increment districts (PAYGO)			
TIF District #22	42.272%	\$ 42,920	18,143
TIF District #25	46.113%	47,604	21,952
TIF District #26	46.165%	60,633	27,991
TIF District #27	48.739%	11,930	5,767
TIF District #28	61.047%	141,486	86,373
Total			<u>\$ 197,785</u>

City of Fairmont
Notes to Basic Financial Statements

16 - RESTATEMENT AND ADJUSTMENTS OF BEGINNING FUND BALANCES

During the year ended December 31, 2024, the City's 2023 Capital Improvement Program capital project fund was changed from a nonmajor governmental fund to a major governmental fund, resulting in an increase of the beginning fund balance for the nonmajor governmental funds of \$687,879.

	<u>2023 Capital Improvement Program</u>	<u>Nonmajor Governmental</u>
December 31, 2023 as previously reported	\$ -	\$ 12,350,249
Change from nonmajor to major	<u>(687,879)</u>	<u>687,879</u>
December 31, 2023 as adjusted	<u><u>\$ (687,879)</u></u>	<u><u>\$ 13,038,128</u></u>

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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

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%
2023	0.0677%	3,785,708	38,103	3,823,811	5,379,880	71.1%	83.10%
2024	0.0681%	2,519,326	65,145	2,584,471	5,767,600	44.8%	89.08%

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

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%
2023	0.1236%	2,134,411	85,990	2,220,401	1,623,339	136.78%	86.50%
2024	0.1205%	1,585,426	60,436	1,645,862	1,668,734	98.63%	90.17%

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

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
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%
2023	404,859	404,859	-	5,398,120	7.50%
2024	442,528	442,528	-	5,900,373	7.50%

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

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
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%
2023	288,539	288,539	-	1,630,164	17.70%
2024	307,036	307,036	-	1,734,667	17.70%

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City of Fairmont
Notes to Required Supplementary Information

General Employees Fund

2024 Changes

Changes in Actuarial Assumptions

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million was contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

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%.

City of Fairmont
Notes to Required Supplementary Information

General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

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.

City of Fairmont
Notes to Required Supplementary Information

General Employees Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions (Continued)

- 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.
- Annual 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 annual 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.
- 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.

City of Fairmont
Notes to Required Supplementary Information

General Employees Fund (Continued)

2015 Changes (Continued)

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and 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

2024 Changes

Changes in Plan Provisions

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.
- The additional \$9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.5% to 7.0%.
- The single discount rate changed from 5.4% to 7.0%.

Changes in Plan Provisions

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 Changes

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.

City of Fairmont
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2021 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Annual 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.

City of Fairmont
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions (Continued)

- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed annual 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.

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City of Fairmont
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

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	<u>(11,245)</u>	<u>(28,232)</u>	<u>(94,915)</u>	<u>(205,926)</u>
Beginning of year	<u>1,846,247</u>	<u>1,835,002</u>	<u>1,806,770</u>	<u>1,711,855</u>
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	<u>58,483</u>	<u>53,943</u>	<u>(42,048)</u>	<u>(26,153)</u>
Beginning of year	<u>1,450,370</u>	<u>1,508,853</u>	<u>1,562,796</u>	<u>1,520,748</u>
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%

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 and Fire Plan actuarial valuation to the rates used in the July 1, 2021, Minnesota PERA Police and Fire Plan actuarial valuation.
- 2023 - The expected investment return and discount rate increased from 5.50% to 6.25% to reflect updated capital market assumptions. The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2021, Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2023, Minnesota PERA Police and Fire Plan actuarial valuation.

Measurement Date					
December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
\$ 49,365	\$ 50,723	\$ 48,887	\$ 50,109	\$ 70,523	\$ 72,110
88,426	90,747	74,718	72,375	84,932	90,037
-	-	-	(13,482)	-	-
-	23,541	-	30,992	-	(75,374)
-	(149,682)	-	280,005	-	(23,066)
<u>(163,048)</u>	<u>(37,890)</u>	<u>(296,972)</u>	<u>(37,890)</u>	<u>(77,490)</u>	<u>(32,390)</u>
<u>(25,257)</u>	<u>(22,561)</u>	<u>(173,367)</u>	<u>382,109</u>	<u>77,965</u>	<u>31,317</u>
<u>1,505,929</u>	<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>
<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>	<u>\$ 1,776,135</u>
\$ 24,300	\$ 21,765	\$ 21,310	\$ 21,325	\$ 21,065	\$ 22,120
133,620	89,593	95,847	97,861	100,614	109,283
(44,856)	294,065	235,096	269,142	(342,348)	335,321
(163,048)	(37,890)	(296,972)	(37,890)	(77,490)	(32,390)
(16,378)	(13,342)	(16,171)	(17,332)	(17,461)	(13,349)
3,798	-	(13)	(25)	-	(37)
<u>(62,564)</u>	<u>354,191</u>	<u>39,097</u>	<u>333,081</u>	<u>(315,620)</u>	<u>420,948</u>
<u>1,494,595</u>	<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>\$ 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>\$ 2,263,728</u>
<u>\$ 48,641</u>	<u>\$ (328,111)</u>	<u>\$ (540,575)</u>	<u>\$ (491,547)</u>	<u>\$ (97,962)</u>	<u>\$ (487,593)</u>
96.7%	122.5%	142.1%	129.5%	105.6%	127.5%

See notes to required supplementary information.

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

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

<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2020</u>	<u>December 31, 2021</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>
\$ 104,682	\$ 104,682	\$ 41,337	\$ 41,337	\$ 43,872	\$ 43,872
<u>161,718</u>	<u>117,157</u>	<u>119,186</u>	<u>121,679</u>	<u>120,934</u>	<u>128,561</u>
<u>\$ (57,036)</u>	<u>\$ (12,475)</u>	<u>\$ (77,849)</u>	<u>\$ (80,342)</u>	<u>\$ (77,062)</u>	<u>\$ (84,689)</u>

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

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

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

Notes to the Required Supplementary Information - OPEB

Changes in Actuarial Assumptions

- 2024 - The health care trend rates were changed to better anticipate short term and long term medical increases. The discount rate was changed from 4.00% to 3.70%.
- 2023 - The health care trend rates were changed to better anticipate short term and long term medical increases. The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale. The inflation rate was changed from 2.00% to 2.50%. The discount rate was changed from 2.00% to 4.00%. The retirement, withdrawal, and salary increase rates for public safety employees were updated to reflect the latest experience study.
- 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 MP-2020 Generational Improvement Scale. 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%.

December 31, 2022	December 31, 2023	December 31, 2024
\$ 49,195	\$ 31,440	\$ 34,011
14,952	15,089	29,197
-	54,391	-
-	(69,245)	11,043
<u>(34,941)</u>	<u>(44,283)</u>	<u>(73,725)</u>
<u>29,206</u>	<u>(12,608)</u>	<u>526</u>
<u>715,811</u>	<u>745,017</u>	<u>732,409</u>
<u>\$ 745,017</u>	<u>\$ 732,409</u>	<u>\$ 732,935</u>
\$ 6,281,208	\$ 6,281,208	\$ 6,868,843
11.86%	11.66%	10.67%

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SUPPLEMENTARY INFORMATION

**City of Fairmont
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2024**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and investments	\$ 2,428,731	\$ 9,510,116	\$ 11,938,847
Due from other governments	215,140	4,110	219,250
Accounts receivable	7,954	371,231	379,185
Due from other funds	-	160,912	160,912
Property taxes receivable	1,609	9,723	11,332
Special assessments receivable	-	348,851	348,851
Notes receivable	1,298,578	-	1,298,578
Land held for resale	-	80,000	80,000
	<u>-</u>	<u>80,000</u>	<u>80,000</u>
Total assets	<u>\$ 3,952,012</u>	<u>\$ 10,484,943</u>	<u>\$ 14,436,955</u>
Liabilities			
Accounts payable	\$ 268,639	\$ 68,755	\$ 337,394
Due to other governments	61,128	80,000	141,128
Deposits payable	-	47,726	47,726
Salaries and benefits payable	4,833	-	4,833
Due to other funds	6,951	155,656	162,607
	<u>341,551</u>	<u>352,137</u>	<u>693,688</u>
Deferred Inflows of Resources			
Unavailable revenue - taxes and assessments	1,609	358,574	360,183
Advanced appropriations - state shared tax	-	311,192	311,192
	<u>1,609</u>	<u>669,766</u>	<u>671,375</u>
Fund Balances			
Restricted	2,390,838	4,302,359	6,693,197
Committed	1,218,014	5,363,172	6,581,186
Unassigned	-	(202,491)	(202,491)
	<u>3,608,852</u>	<u>9,463,040</u>	<u>13,071,892</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,952,012</u>	<u>\$ 10,484,943</u>	<u>\$ 14,436,955</u>

City of Fairmont
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2024

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
General property taxes	\$ 76,055	\$ 370,292	\$ 446,347
Tax increment collections	141,953	-	141,953
Miscellaneous taxes	1,232,884	241,608	1,474,492
Intergovernmental	399,677	1,923,409	2,323,086
Special assessments	-	6,488	6,488
Charges for services	443,256	-	443,256
Investment income	148,079	476,444	624,523
Loan interest	30,586	-	30,586
Miscellaneous	93,057	4,800	97,857
Total revenues	<u>2,565,547</u>	<u>3,023,041</u>	<u>5,588,588</u>
Expenditures			
Current			
Culture and recreation	5,331	-	5,331
Economic development	748,435	1,108	749,543
Airport	503,055	-	503,055
Conservation - water resources	32,083	-	32,083
Debt service			
Interest and other charges	621	4,131	4,752
Capital outlay			
Public works	-	1,100,728	1,100,728
Culture and recreation	-	1,551,588	1,551,588
Total expenditures	<u>1,289,525</u>	<u>2,657,555</u>	<u>3,947,080</u>
Excess of revenues over expenditures	1,276,022	365,486	1,641,508
Other Financing Sources (Uses)			
Transfers in	6,000	1,536,622	1,542,622
Transfers out	(1,141,410)	(2,008,956)	(3,150,366)
Total other financing sources (uses)	<u>(1,135,410)</u>	<u>(472,334)</u>	<u>(1,607,744)</u>
Net change in fund balances	140,612	(106,848)	33,764
Fund Balances			
Beginning of year	3,468,240	8,882,009	12,350,249
Nonmajor fund to major (Note 16)	-	687,879	687,879
Beginning of year, restated	<u>3,468,240</u>	<u>9,569,888</u>	<u>13,038,128</u>
End of year	<u>\$ 3,608,852</u>	<u>\$ 9,463,040</u>	<u>\$ 13,071,892</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. 24: This fund accounts for tax increment financing activities relative to various City projects.

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.

**City of Fairmont
Non-Major Governmental Funds**

Special Revenue Funds (Continued)

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, 2024**

	Special Revenue			
	Central College Incubator (212)	Wetland Bank (214)	Revolving Loan (215)	Revolving Loan 2 (216)
Assets				
Cash and investments	\$ 80,823	\$ 69,505	\$ 73,356	\$ 377,001
Due from other governments	-	-	-	-
Accounts receivable	-	-	-	-
Property taxes receivable	-	-	-	-
Notes receivable	-	-	141,437	652,727
	<u>80,823</u>	<u>69,505</u>	<u>214,793</u>	<u>1,029,728</u>
Total assets	<u>\$ 80,823</u>	<u>\$ 69,505</u>	<u>\$ 214,793</u>	<u>\$ 1,029,728</u>
Liabilities				
Accounts payable	\$ 230	\$ 6,616	\$ -	\$ 278
Due to other governments	-	-	-	61,128
Salaries payable	-	-	-	-
Due to other funds	-	-	-	-
	<u>230</u>	<u>6,616</u>	<u>-</u>	<u>61,406</u>
Total liabilities	<u>230</u>	<u>6,616</u>	<u>-</u>	<u>61,406</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes and assessments	-	-	-	-
Fund Balances				
Restricted	-	-	214,793	968,322
Committed	80,593	62,889	-	-
	<u>80,593</u>	<u>62,889</u>	<u>214,793</u>	<u>968,322</u>
Total fund balances	<u>80,593</u>	<u>62,889</u>	<u>214,793</u>	<u>968,322</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 80,823</u>	<u>\$ 69,505</u>	<u>\$ 214,793</u>	<u>\$ 1,029,728</u>

(Continued)

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)
\$ 33,298	\$ 428,823	\$ 1,847	\$ 244,826	\$ 54,890	\$ 590,981
-	-	-	-	-	16,943
-	-	-	-	-	-
-	-	-	-	-	1,609
<u>56,280</u>	<u>181,177</u>	<u>7,840</u>	<u>-</u>	<u>259,117</u>	<u>-</u>
<u>\$ 89,578</u>	<u>\$ 610,000</u>	<u>\$ 9,687</u>	<u>\$ 244,826</u>	<u>\$ 314,007</u>	<u>\$ 609,533</u>
\$ -	\$ -	\$ -	\$ 244,826	\$ -	\$ 4,394
-	-	-	-	-	-
-	-	-	-	-	4,833
-	-	-	-	-	1,695
<u>-</u>	<u>-</u>	<u>-</u>	<u>244,826</u>	<u>-</u>	<u>10,922</u>
-	-	-	-	-	1,609
-	610,000	9,687	-	314,007	-
<u>89,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>597,002</u>
<u>89,578</u>	<u>610,000</u>	<u>9,687</u>	<u>-</u>	<u>314,007</u>	<u>597,002</u>
<u>\$ 89,578</u>	<u>\$ 610,000</u>	<u>\$ 9,687</u>	<u>\$ 244,826</u>	<u>\$ 314,007</u>	<u>\$ 609,533</u>

**City of Fairmont
Combining Balance Sheet -
Nonmajor Special Revenue Funds
December 31, 2024**

	Special Revenue			
	Lake Restoration (240)	Local Option Sales Tax (250)	Tax Increment District No. 24 (324)	Tax Increment District No. 25 (325)
Assets				
Cash and investments	\$ 380,001	\$ -	\$ 5,559	\$ 21,743
Due from other governments	-	198,197	-	-
Accounts receivable	7,954	-	-	-
Property taxes receivable	-	-	-	-
Notes receivable	-	-	-	-
Total assets	\$ 387,955	\$ 198,197	\$ 5,559	\$ 21,743
Liabilities				
Accounts payable	\$ 3	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Salaries payable	-	-	-	-
Due to other funds	-	5,256	-	-
Total liabilities	3	5,256	-	-
Deferred Inflows of Resources				
Unavailable revenue - taxes and assessments	-	-	-	-
Fund Balances				
Restricted	-	192,941	5,559	21,743
Committed	387,952	-	-	-
Total fund balances	387,952	192,941	5,559	21,743
Total liabilities, deferred inflows of resources, and fund balances	\$ 387,955	\$ 198,197	\$ 5,559	\$ 21,743

(Continued)

Special Revenue				
Tax Increment District No. 26 (326)	Tax Increment District No. 27 (327)	Tax Increment District No. 28 (328)	Visit Fairmont (873)	Total
\$ 18,250	\$ 5,658	\$ 29,532	\$ 12,638	\$ 2,428,731
-	-	-	-	215,140
-	-	-	-	7,954
-	-	-	-	1,609
-	-	-	-	1,298,578
<u>\$ 18,250</u>	<u>\$ 5,658</u>	<u>\$ 29,532</u>	<u>\$ 12,638</u>	<u>\$ 3,952,012</u>
\$ -	\$ -	\$ -	\$ 12,292	\$ 268,639
-	-	-	-	61,128
-	-	-	-	4,833
-	-	-	-	6,951
-	-	-	12,292	341,551
-	-	-	-	1,609
18,250	5,658	29,532	346	2,390,838
-	-	-	-	1,218,014
<u>18,250</u>	<u>5,658</u>	<u>29,532</u>	<u>346</u>	<u>3,608,852</u>
<u>\$ 18,250</u>	<u>\$ 5,658</u>	<u>\$ 29,532</u>	<u>\$ 12,638</u>	<u>\$ 3,952,012</u>

City of Fairmont
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended December 31, 2024

	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	-	-	-	-
Charges for services	-	-	-	-
Investment income	3,004	5,406	19,462	41,270
Loan interest	-	-	5,812	24,194
Miscellaneous	91,900	-	-	-
Total revenues	<u>94,904</u>	<u>5,406</u>	<u>25,274</u>	<u>65,464</u>
Expenditures				
Current				
Housing and economic development	98,974	32,000	25	6,649
Culture and recreation	-	-	-	-
Airport	-	-	-	-
Conservation - water resources	-	-	-	-
Debt service				
Interest and other charges	-	-	-	-
Total expenditures	<u>98,974</u>	<u>32,000</u>	<u>25</u>	<u>6,649</u>
Excess of revenues over (under) expenditure:	(4,070)	(26,594)	25,249	58,815
Transfers in	6,000	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,930	(26,594)	25,249	58,815
Fund Balances				
Beginning of year	<u>78,663</u>	<u>89,483</u>	<u>189,544</u>	<u>909,507</u>
End of year	<u>\$ 80,593</u>	<u>\$ 62,889</u>	<u>\$ 214,793</u>	<u>\$ 968,322</u>

(Continued)

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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,055
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	332,742	-	62,885
-	-	-	-	-	378,126
1,289	-	-	-	-	24,285
580	-	-	-	-	-
-	-	-	-	-	1,157
<u>1,869</u>	<u>-</u>	<u>-</u>	<u>332,742</u>	<u>-</u>	<u>542,508</u>
2,626	-	-	332,742	1,935	-
-	-	-	-	-	-
-	-	-	-	-	503,055
-	-	-	-	-	-
621	-	-	-	-	-
<u>3,247</u>	<u>-</u>	<u>-</u>	<u>332,742</u>	<u>1,935</u>	<u>503,055</u>
(1,378)	-	-	-	(1,935)	39,453
-	-	-	-	-	-
-	-	-	-	-	(15,000)
-	-	-	-	-	(15,000)
(1,378)	-	-	-	(1,935)	24,453
90,956	610,000	9,687	-	315,942	572,549
<u>\$ 89,578</u>	<u>\$ 610,000</u>	<u>\$ 9,687</u>	<u>\$ -</u>	<u>\$ 314,007</u>	<u>\$ 597,002</u>

City of Fairmont
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended December 31, 2024

	Special Revenue			
	Lake Restoration (240)	Local Option Sales Tax (250)	Tax Increment District No. 24 (324)	Tax Increment District No. 25 (325)
Revenues				
General property taxes	\$ -	\$ -	\$ -	\$ -
Tax increments	-	-	11,118	43,486
Miscellaneous taxes	-	1,067,404	-	-
Intergovernmental	4,050	-	-	-
Charges for services	65,130	-	-	-
Investment income	18,031	35,332	-	-
Loan interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>87,211</u>	<u>1,102,736</u>	<u>11,118</u>	<u>43,486</u>
Expenditures				
Current				
Housing and economic development	-	-	11,833	45,879
Culture and recreation	-	5,331	-	-
Airport	-	-	-	-
Conservation - water resources	32,083	-	-	-
Debt service				
Interest and other charges	-	-	-	-
Total expenditures	<u>32,083</u>	<u>5,331</u>	<u>11,833</u>	<u>45,879</u>
Excess of revenues over (under) expenditures	55,128	1,097,405	(715)	(2,393)
Transfers in	-	-	-	-
Transfers out	-	(1,126,410)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(1,126,410)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	55,128	(29,005)	(715)	(2,393)
Fund Balances				
Beginning of year	<u>332,824</u>	<u>221,946</u>	<u>6,274</u>	<u>24,136</u>
End of year	<u>\$ 387,952</u>	<u>\$ 192,941</u>	<u>\$ 5,559</u>	<u>\$ 21,743</u>

(Continued)

Special Revenue				
Tax Increment	Tax Increment	Tax Increment	Visit	
District No. 26	District No. 27 (327)	District No. 28 (328)	Fairmont	Total
(326)			(873)	
\$ -	\$ -	\$ -	\$ -	\$ 76,055
36,500	11,317	39,532	-	141,953
-	-	-	165,480	1,232,884
-	-	-	-	399,677
-	-	-	-	443,256
-	-	-	-	148,079
-	-	-	-	30,586
-	-	-	-	93,057
<u>36,500</u>	<u>11,317</u>	<u>39,532</u>	<u>165,480</u>	<u>2,565,547</u>
37,952	11,340	-	166,480	748,435
-	-	-	-	5,331
-	-	-	-	503,055
-	-	-	-	32,083
-	-	-	-	621
<u>37,952</u>	<u>11,340</u>	<u>-</u>	<u>166,480</u>	<u>1,289,525</u>
(1,452)	(23)	39,532	(1,000)	1,276,022
-	-	-	-	6,000
-	-	-	-	(1,141,410)
-	-	-	-	(1,135,410)
(1,452)	(23)	39,532	(1,000)	140,612
19,702	5,681	(10,000)	1,346	3,468,240
<u>\$ 18,250</u>	<u>\$ 5,658</u>	<u>\$ 29,532</u>	<u>\$ 346</u>	<u>\$ 3,608,852</u>

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Central College Incubator Special Revenue Fund
Year Ended December 31, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Investment income	\$ 1,000	\$ 3,004	\$ 2,004
Other revenues	65,000	91,900	26,900
Total revenues	66,000	94,904	28,904
Expenditures			
Current			
Economic development	88,850	98,974	10,124
Excess of revenues over (under) expenditures	(22,850)	(4,070)	18,780
Other Financing Sources			
Transfers in	23,000	6,000	(17,000)
Net change in fund balance	\$ 150	1,930	\$ 1,780
Fund Balance			
Beginning of year		78,663	
End of year		\$ 80,593	

City of Fairmont
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual -
Aeronautics Special Revenue Fund
Year Ended December 31, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
General property taxes	\$ 75,000	\$ 76,055	\$ 1,055
Intergovernmental	69,408	62,885	(6,523)
Charges for services	518,000	378,126	(139,874)
Investment income	5,000	24,285	19,285
Miscellaneous	-	1,157	1,157
Total revenues	667,408	542,508	(124,900)
Expenditures			
Current			
Airport	642,237	503,055	(139,182)
Excess of revenues over expenditures	25,171	39,453	14,282
Other Financing Uses			
Transfers out	(15,000)	(15,000)	-
Net change in fund balance	\$ 10,171	24,453	\$ 14,282
Fund Balance			
Beginning of year		572,549	
End of year		\$ 597,002	

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Lake Restoration Special Revenue Fund
Year Ended December 31, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Intergovernmental	\$ -	\$ 4,050	\$ 4,050
Charges for services	65,000	65,130	130
Investment income	5,000	18,031	13,031
Total revenues	<u>70,000</u>	<u>87,211</u>	<u>17,211</u>
Expenditures			
Current			
Lake restoration	<u>13,345</u>	<u>32,083</u>	<u>18,738</u>
Excess of revenues over (under) expenditures	56,655	55,128	(1,527)
Other Financing Uses			
Transfers out	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
Net change in fund balance	<u>\$ 6,655</u>	55,128	<u>\$ 48,473</u>
Fund Balance			
Beginning of year		<u>332,824</u>	
End of year		<u>\$ 387,952</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, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
City sales tax	\$ 1,100,000	\$ 1,067,404	\$ (32,596)
Investment income	10,000	35,332	25,332
Total revenues	1,110,000	1,102,736	(7,264)
Expenditures			
Current			
Culture and recreation	-	5,331	5,331
Excess of revenues over (under) expenditures	1,110,000	1,097,405	(12,595)
Other Financing Uses			
Transfers out	(1,110,000)	(1,126,410)	(16,410)
Net change in fund balance	\$ -	(29,005)	\$ (29,005)
Fund Balance			
Beginning of year		221,946	
End of year		\$ 192,941	

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, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Tax increments	\$ 12,548	\$ 11,118	\$ (1,430)
Expenditures			
Current			
Economic development	12,548	11,833	(715)
Net change in fund balance	\$ -	(715)	\$ (715)
Fund Balance			
Beginning of year		6,274	
End of year		\$ 5,559	

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, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Tax increments	\$ 48,273	\$ 43,486	\$ (4,787)
Expenditures			
Current			
Economic development	48,273	45,879	(2,394)
Net change in fund balance	\$ -	(2,393)	\$ (2,393)
Fund Balance			
Beginning of year		24,136	
End of year		\$ 21,743	

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, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Tax increments	\$ 30,343	\$ 36,500	\$ 6,157
Expenditures			
Current			
Economic development	30,343	37,952	7,609
Net change in fund balance	\$ -	(1,452)	\$ (1,452)
Fund Balance			
Beginning of year		19,702	
End of year		\$ 18,250	

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, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Tax increments	\$ 11,363	\$ 11,317	\$ (46)
Expenditures			
Current			
Economic development	11,363	11,340	(23)
Net change in fund balance	\$ -	(23)	\$ (23)
Fund Balance			
Beginning of year		5,681	
End of year		\$ 5,658	

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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.

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

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.

2024 Capital Improvement Program: This fund is used to account for costs associated with major street replacement projects which began in 2024.

2025 Capital Improvement Program: This fund is used to account for costs associated with major street replacement projects which will begin in 2025.

2026 Capital Improvement Program: This fund is used to account for costs associated with major street replacement projects which will begin in 2026.

City of Fairmont
Combining Balance Sheet -
Nonmajor Capital Projects Funds
December 31, 2024

	Capital Projects			
	Street Improvement Capital Reserve (402)	Fire Truck Replacement (410)	Housing (420)	Community Center (430)
Assets				
Cash and investments	\$ 3,953,505	\$ 597,311	\$ 593,551	\$ 4,364,762
Accounts receivable	370,231	-	-	1,000
Due from other governments	3,549	561	-	-
Due from other funds	155,656	-	-	5,256
Property taxes receivable	6,874	2,849	-	-
Special assessments receivable	348,851	-	-	-
Land held for resale	-	-	80,000	-
Total assets	\$ 4,838,666	\$ 600,721	\$ 673,551	\$ 4,371,018
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 68,659
Due to other funds	-	-	-	-
Due to other governments	-	-	80,000	-
Deposits payable	-	-	-	-
Total liabilities	-	-	80,000	68,659
Deferred Inflows of Resources				
Unavailable revenue - taxes and assessments	355,725	2,849	-	-
Advanced appropriations - state shared tax	311,192	-	-	-
Total deferred inflows of resources	666,917	2,849	-	-
Fund Balances				
Restricted	-	-	-	4,302,359
Committed	4,171,749	597,872	593,551	-
Unassigned	-	-	-	-
Total fund balances	4,171,749	597,872	593,551	4,302,359
Total liabilities, deferred inflows of resources and fund balances	\$ 4,838,666	\$ 600,721	\$ 673,551	\$ 4,371,018

Capital
Projects

<u>2022 Capital Improvement Prog (482)</u>	<u>Total</u>
\$ 987	\$ 9,510,116
-	371,231
-	4,110
-	160,912
-	9,723
-	348,851
-	80,000
<u>\$ 987</u>	<u>\$ 10,484,943</u>
\$ 96	\$ 68,755
155,656	155,656
-	80,000
47,726	47,726
<u>203,478</u>	<u>352,137</u>
-	358,574
-	311,192
-	<u>669,766</u>
-	4,302,359
-	5,363,172
(202,491)	(202,491)
<u>(202,491)</u>	<u>9,463,040</u>
<u>\$ 987</u>	<u>\$ 10,484,943</u>

City of Fairmont
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Capital Projects Funds
Year Ended December 31, 2024

	Capital Projects			
	Street Improvement Capital Reserve (402)	Fire Truck Replacement (410)	Housing (420)	Community Center (430)
Revenues				
General property taxes	\$ 304,372	\$ 65,920	\$ -	\$ -
Miscellaneous taxes	241,608	-	-	-
Intergovernmental	437,666	-	54,797	-
Special assessments	6,488	-	-	-
Investment income	169,631	39,997	22,348	182,682
Miscellaneous	-	-	4,800	-
Total revenues	<u>1,159,765</u>	<u>105,917</u>	<u>81,945</u>	<u>182,682</u>
Expenditures				
Current				
Economic development	-	-	1,108	-
Debt service				
Interest and other charges	174	-	-	-
Capital outlay				
Park and recreation	-	-	-	1,551,588
Public works	-	-	-	-
Total expenditures	<u>174</u>	<u>-</u>	<u>1,108</u>	<u>1,551,588</u>
Excess of revenues over (under) expenditures	1,159,591	105,917	80,837	(1,368,906)
Other Financing Sources (Uses)				
Transfers in	61,187	105,000	54,797	1,126,410
Transfers out	(446,785)	-	-	-
Total other financing sources (uses)	<u>(385,598)</u>	<u>105,000</u>	<u>54,797</u>	<u>1,126,410</u>
Net change in fund balances	773,993	210,917	135,634	(242,496)
Fund Balances				
Beginning of year	3,397,756	386,955	457,917	4,544,855
Nonmajor fund to major (Note 16)	-	-	-	-
Beginning of year, restated	<u>3,397,756</u>	<u>386,955</u>	<u>457,917</u>	<u>4,544,855</u>
End of year	<u>\$ 4,171,749</u>	<u>\$ 597,872</u>	<u>\$ 593,551</u>	<u>\$ 4,302,359</u>

(Continued)

Capital Projects

2019 Capital Improvement Program (479)	Airport Reconstruction Project (450)	Public Works Building (440)	2021 Capital Improvement Program (481)	2022 Capital Improvement Prog (482)	2023 Capital Improvement Prog (483)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	588,488	-	-	842,458	-
-	-	-	-	-	-
1,819	20,215	35,037	2,632	2,083	-
-	-	-	-	-	-
<u>1,819</u>	<u>608,703</u>	<u>35,037</u>	<u>2,632</u>	<u>844,541</u>	<u>-</u>
-	-	-	-	-	-
800	-	-	-	3,157	-
-	-	-	-	-	-
-	-	16,917	-	1,083,811	-
<u>800</u>	<u>-</u>	<u>16,917</u>	<u>-</u>	<u>1,086,968</u>	<u>-</u>
1,019	608,703	18,120	2,632	(242,427)	-
-	-	-	181,003	-	-
(61,187)	(1,350,736)	(150,248)	-	-	-
<u>(61,187)</u>	<u>(1,350,736)</u>	<u>(150,248)</u>	<u>181,003</u>	<u>-</u>	<u>-</u>
(60,168)	(742,033)	(132,128)	183,635	(242,427)	-
60,168	742,033	132,128	(183,635)	39,936	(687,879)
-	-	-	-	-	687,879
<u>60,168</u>	<u>742,033</u>	<u>132,128</u>	<u>(183,635)</u>	<u>39,936</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (202,491)</u>	<u>\$ -</u>

City of Fairmont
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Capital Projects Funds
Year Ended December 31, 2024

(Continued)

	Capital Projects			Total
	2024 Capital Improvement Prog (484)	2025 Capital Improvement Prog (485)	2026 Capital Improvement Prog (486)	
Revenues				
General property taxes	\$ -	\$ -	\$ -	\$ 370,292
Miscellaneous taxes	-	-	-	241,608
Intergovernmental	-	-	-	1,923,409
Special assessments	-	-	-	6,488
Investment income	-	-	-	476,444
Miscellaneous	-	-	-	4,800
Total revenues	-	-	-	3,023,041
Expenditures				
Current				
Economic development	-	-	-	1,108
Debt service				
Interest and other charges	-	-	-	4,131
Capital outlay				
Park and recreation	-	-	-	1,551,588
Public works	-	-	-	1,100,728
Total expenditures	-	-	-	2,657,555
Excess of revenues over (under) expenditures	-	-	-	365,486
Other Financing Sources (Uses)				
Transfers in	558	2,250	5,417	1,536,622
Transfers out	-	-	-	(2,008,956)
Total other financing sources (uses)	558	2,250	5,417	(472,334)
Net change in fund balances	558	2,250	5,417	(106,848)
Fund Balances				
Beginning of year	(558)	(2,250)	(5,417)	8,882,009
Nonmajor fund to major (Note 16)	-	-	-	687,879
Beginning of year, restated	(558)	(2,250)	(5,417)	9,569,888
End of year	\$ -	\$ -	\$ -	\$ 9,463,040

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Capital Reserve Capital Project Fund
Year Ended December 31, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
General property taxes	\$ 838,612	\$ 843,910	\$ 5,298
Intergovernmental	866,250	(51,067)	(917,317)
Contributions and donations	65,000	37,776	(27,224)
Investment income	10,000	9,185	(815)
Total revenues	<u>1,779,862</u>	<u>839,804</u>	<u>(912,834)</u>
Expenditures			
Debt service			
Interest and fiscal agent	-	8,088	8,088
Capital outlay			
General government	50,000	7,566	(42,434)
Public safety	143,000	384,748	241,748
Public works	545,000	418,512	(126,488)
Economic development	85,000	11,897	(73,103)
Airport	957,000	709,364	(247,636)
Culture and recreation	1,984,000	1,251,134	(732,866)
Total expenditures	<u>3,764,000</u>	<u>2,791,309</u>	<u>(972,691)</u>
Excess of revenues over (under) expenditures	(1,984,138)	(1,951,505)	59,857
Other Financing Sources			
Transfers in	<u>1,919,750</u>	<u>2,799,985</u>	<u>880,235</u>
Net change in fund balance	<u>\$ (64,388)</u>	848,480	<u>\$ 940,092</u>
Fund Balance			
Beginning of year		<u>1,027,381</u>	
End of year		<u>\$ 1,875,861</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, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
General property taxes	\$ 310,476	\$ 304,372	\$ (6,104)
Franchise fee	250,000	241,608	(8,392)
Special assessments	10,000	6,488	(3,512)
Intergovernmental	168,000	437,666	269,666
Investment income	50,000	169,631	119,631
Total revenues	788,476	1,159,765	371,289
Expenditures			
Debt service			
Interest and fiscal agent	-	174	174
Excess of revenues over expenditures	788,476	1,159,591	371,115
Other Financing Sources (Uses)			
Transfers in	-	61,187	61,187
Transfers out	(268,395)	(446,785)	(178,390)
Total other financing sources (uses)	(268,395)	(385,598)	(117,203)
Net change in fund balance	\$ 520,081	773,993	\$ 253,912
Fund Balance			
Beginning of year		3,397,756	
End of year		\$ 4,171,749	

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, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
General property taxes	\$ 65,000	\$ 65,920	\$ 920
Investment income	4,000	39,997	35,997
Total revenues	69,000	105,917	36,917
Excess of revenues over expenditures	69,000	105,917	36,917
Other Financing Sources			
Transfers in	105,000	105,000	-
Net change in fund balance	\$ 174,000	210,917	\$ 36,917
Fund Balance			
Beginning of year		386,955	
End of year		\$ 597,872	

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Community Center Capital Project Fund
Year Ended December 31, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Investment income	\$ -	\$ 182,682	\$ 182,682
Expenditures			
Capital outlay			
Culture and recreation	12,500,000	1,551,588	(10,948,412)
Excess of revenues over (under) expenditures	(12,500,000)	(1,368,906)	11,131,094
Other Financing Sources			
Bonds issued	9,000,000	-	(9,000,000)
Transfers in	1,110,000	1,126,410	16,410
Total other financing sources	10,110,000	1,126,410	(8,983,590)
Net change in fund balance	\$ (2,390,000)	(242,496)	\$ 2,147,504
Fund Balance			
Beginning of year		4,544,855	
End of year		\$ 4,302,359	

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
2024 Capital Improvement Program Capital Project Fund
Year Ended December 31, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Intergovernmental	\$ 630,000	\$ -	\$ (630,000)
Expenditures			
Capital outlay			
Public works	2,457,080	-	(2,457,080)
Excess of revenues over (under) expenditures	(1,827,080)	-	1,827,080
Other Financing Sources			
Bonds issued	7,500,000	-	(7,500,000)
Transfers in	-	558	558
Total other financing sources	7,500,000	558	(7,499,442)
Net change in fund balance	\$ 5,672,920	558	\$ (5,672,362)
Fund Balance			
Beginning of year		(558)	
End of year		\$ -	

City of Fairmont
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended December 31, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
General property taxes	\$ 4,091,235	\$ 4,133,942	\$ 42,707
Lodging taxes	40,000	39,294	(706)
Special assessments	1,500	-	(1,500)
Licenses and permits	171,300	144,780	(26,520)
Intergovernmental revenues			
State - police aid	279,614	352,562	72,948
State-MSA-street construction and maintenance	30,015	30,015	-
State- local government aid	4,195,218	4,195,218	-
Other grants and aids	1,700	2,351	651
Total intergovernmental revenues	<u>4,506,547</u>	<u>4,580,146</u>	<u>73,599</u>
Charges for services			
General government	11,700	11,009	(691)
Public safety	222,000	168,178	(53,822)
Public works	229,955	231,905	1,950
Parks and recreation	196,000	196,883	883
Total charges for services	<u>659,655</u>	<u>607,975</u>	<u>(51,680)</u>
Fines and forfeitures	44,500	28,444	(16,056)
Investment income	75,000	427,282	352,282
Contributions and donations	10,000	116,070	106,070
Other revenues	162,519	242,404	79,885
Total miscellaneous	<u>247,519</u>	<u>785,756</u>	<u>538,237</u>
Total revenues	<u>9,762,256</u>	<u>10,320,337</u>	<u>558,081</u>
Expenditures			
General government			
Mayor and council	76,638	58,574	(18,064)
City administrator	187,270	267,275	80,005
Elections	37,962	38,645	683
Recording and reporting	85,191	79,945	(5,246)
Local access channel	21,127	34,363	13,236
Accounting	456,384	439,777	(16,607)
City attorney	-	86,045	86,045
Planning and zoning	304,234	212,610	(91,624)
General government building	131,174	142,626	11,452
Library building	93,910	70,907	(23,003)
Other general government	412,550	497,107	84,557
Total General government	<u>1,806,440</u>	<u>1,927,874</u>	<u>121,434</u>

City of Fairmont
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended December 31, 2024

	Budgeted Amounts <u>Final</u>	Actual Amounts	Variance with Final Budget - Over (Under)
Expenditures (Continued)			
Public safety			
Administration	\$ 650,094	\$ 580,424	\$ (69,670)
Crime control	2,856,375	2,498,562	(357,813)
D.A.R.E. program	2,500	1,661	(839)
Drug task force	64,000	36,873	(27,127)
Fire fighting	424,837	473,441	48,604
Building inspection	214,499	244,127	29,628
Civil defense	5,150	4,496	(654)
Animal control	59,700	80,049	20,349
Total Public safety	<u>4,277,155</u>	<u>3,919,633</u>	<u>(357,522)</u>
Public works			
Paved streets	1,002,826	856,732	(146,094)
Ice and snow removal	383,139	350,600	(32,539)
Road and bridge equipment	257,318	249,374	(7,944)
Street lighting	75,650	80,966	5,316
Engineering	532,661	466,351	(66,310)
Total Public works	<u>2,251,594</u>	<u>2,004,023</u>	<u>(247,571)</u>
Health and sanitation			
Garbage collection	258,119	246,060	(12,059)
Culture and recreation			
Parks	1,410,041	1,368,806	(41,235)
Recreation - aquatic park	478,907	432,144	(46,763)
Total Culture and recreation	<u>1,888,948</u>	<u>1,800,950</u>	<u>(87,998)</u>
Debt Service			
Principal	-	5,151	5,151
Interest	-	30	30
Total Debt service	<u>-</u>	<u>5,181</u>	<u>5,181</u>
Total expenditures	<u>10,482,256</u>	<u>9,903,721</u>	<u>(578,535)</u>
Excess of revenues over (under) expenditures	(720,000)	416,616	1,136,616
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	-	38,897	38,897
Transfers in	825,000	825,000	-
Transfers out	(105,000)	(1,192,052)	(1,087,052)
Total other financing sources (uses)	<u>720,000</u>	<u>(328,155)</u>	<u>(1,048,155)</u>
Net change in fund balances	-	88,461	88,461
Fund Balances			
Beginning of year	9,420,437	9,420,437	-
End of year	<u>\$ 9,420,437</u>	<u>\$ 9,508,898</u>	<u>\$ 88,461</u>

**City of Fairmont
Subcombining Balance Sheet
Debt Service Fund
December 31, 2024**

	2015 Improvement Bonds (375)	2016 Refunding Bonds (376)	2017 Improvement Bonds (377)	2019 Improvement Bonds (379)
Assets				
Cash and investments	\$ 233,613	\$ 749,335	\$ 456,813	\$ 336,928
Due from other governments	1,237	2,483	2,356	1,744
Property taxes receivable	3,057	5,992	3,920	2,376
Special assessments receivable				
Delinquent	5,319	252	1,449	3,536
Deferred	101,779	45,342	260,947	567,149
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 345,005</u>	<u>\$ 803,404</u>	<u>\$ 725,485</u>	<u>\$ 911,733</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes and assessments	<u>\$ 110,155</u>	<u>\$ 51,586</u>	<u>\$ 266,316</u>	<u>\$ 573,061</u>
Fund Balances				
Restricted				
Debt service	<u>234,850</u>	<u>751,818</u>	<u>459,169</u>	<u>338,672</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 345,005</u>	<u>\$ 803,404</u>	<u>\$ 725,485</u>	<u>\$ 911,733</u>

2021A Improvements Bonds (381)	2021B GO Bonds (382)	2023 Improvement Bonds (383)	Total
\$ 512,936	\$ 288,921	\$ 432,187	\$ 3,010,733
2,750	2,674	701	13,945
4,348	5,345	-	25,038
4,291	-	844	15,691
<u>454,522</u>	<u>-</u>	<u>361,911</u>	<u>1,791,650</u>
<u>\$ 978,847</u>	<u>\$ 296,940</u>	<u>\$ 795,643</u>	<u>\$ 4,857,057</u>
<u>\$ 463,161</u>	<u>\$ 5,345</u>	<u>\$ 362,755</u>	<u>\$ 1,832,379</u>
<u>515,686</u>	<u>291,595</u>	<u>432,888</u>	<u>3,024,678</u>
<u>\$ 978,847</u>	<u>\$ 296,940</u>	<u>\$ 795,643</u>	<u>\$ 4,857,057</u>

City of Fairmont
Subcombining Schedule of Revenues, Expenditures and Changes in Fund Balance
Debt Service Fund
Year Ended December 31, 2024

	2012 Refunding Bonds (372)	2015 Improvement Bonds (375)	2016 Refunding Bonds (376)	2017 Improvement Bonds (377)
Revenues				
General property taxes	\$ 10,082	\$ 145,341	\$ 287,704	\$ 197,490
Special assessments	3,814	24,618	28,618	32,270
Investment income	381	7,024	28,864	17,032
Total revenues	<u>14,277</u>	<u>176,983</u>	<u>345,186</u>	<u>246,792</u>
Expenditures				
Debt service				
Principal	350,000	140,000	315,000	185,000
Interest and other charges	30,280	30,256	16,490	53,338
Total expenditures	<u>380,280</u>	<u>170,256</u>	<u>331,490</u>	<u>238,338</u>
Excess of revenues over (under) expenditure:	(366,003)	6,727	13,696	8,454
Other Financing Sources				
Transfers in	<u>265,782</u>	-	-	-
Net change in fund balances	(100,221)	6,727	13,696	8,454
Fund Balances				
Beginning of year	<u>100,221</u>	<u>228,123</u>	<u>738,122</u>	<u>450,715</u>
End of year	<u>\$ -</u>	<u>\$ 234,850</u>	<u>\$ 751,818</u>	<u>\$ 459,169</u>

2019 Improvement Bonds (379)	2021A Improvements Bonds (381)	2021B GO Bonds (382)	2023 Improvement Bonds (383)	Total
\$ 122,014	\$ 238,438	\$ 320,537	\$ -	\$ 1,321,606
65,601	74,014	-	133,083	362,018
13,725	15,532	4,068	8,336	94,962
<u>201,340</u>	<u>327,984</u>	<u>324,605</u>	<u>141,419</u>	<u>1,778,586</u>
155,000	240,000	175,000	-	1,560,000
62,625	62,953	142,676	7,369	405,987
<u>217,625</u>	<u>302,953</u>	<u>317,676</u>	<u>7,369</u>	<u>1,965,987</u>
(16,285)	25,031	6,929	134,050	(187,401)
-	-	-	-	265,782
(16,285)	25,031	6,929	134,050	78,381
354,957	490,655	284,666	298,838	2,946,297
<u>\$ 338,672</u>	<u>\$ 515,686</u>	<u>\$ 291,595</u>	<u>\$ 432,888</u>	<u>\$ 3,024,678</u>

City of Fairmont
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Debt Service Fund
Year Ended December 31, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
General property taxes	\$ 1,301,607	\$ 1,321,606	\$ 19,999
Special assessments	148,930	362,018	213,088
Investment income	22,000	94,962	72,962
Total revenues	1,472,537	1,778,586	72,962
Expenditures			
Debt service			
Principal	1,560,000	1,560,000	-
Interest and fiscal agent	357,540	405,987	48,447
Total expenditures	1,917,540	1,965,987	48,447
Excess of revenues (under) expenditures	(445,003)	(187,401)	24,515
Other Financing Sources			
Transfers in	268,395	265,782	(2,613)
Net change in fund balance	\$ (176,608)	78,381	\$ 21,902
Fund Balance			
Beginning of year		2,946,297	
End of year		\$ 3,024,678	

**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, 2024

	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	\$ 7,101	\$ 399,571	\$ 856,728	\$ 7,678
Accounts receivable	-	-	-	-
Due from other funds	-	80,675	-	18,982
Prepaid items	-	-	-	-
Total current assets	<u>7,101</u>	<u>480,246</u>	<u>856,728</u>	<u>26,660</u>
Noncurrent assets				
Capital assets, being depreciated				
Equipment	61,261	-	-	-
Less accumulated depreciation	(34,489)	-	-	-
Net capital assets	<u>26,772</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 33,873</u>	<u>\$ 480,246</u>	<u>\$ 856,728</u>	<u>\$ 26,660</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 1,924	\$ 3,945	\$ -	\$ -
Salaries payable	7,306	1,862	-	18,982
Due to other funds	2,090	-	-	-
Compensated absences	65,712	-	-	-
Total current liabilities	<u>77,032</u>	<u>5,807</u>	<u>-</u>	<u>18,982</u>
Noncurrent liabilities				
Compensated absences	71,493	-	-	-
Less amount due within one year	(65,712)	-	-	-
Total noncurrent liabilities	<u>5,781</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>82,813</u>	<u>5,807</u>	<u>-</u>	<u>18,982</u>
Net Position				
Net investment in capital assets	26,772	-	-	-
Unrestricted	(75,712)	474,439	856,728	7,678
Total net position	<u>(48,940)</u>	<u>474,439</u>	<u>856,728</u>	<u>7,678</u>
Total liabilities and net position	<u>\$ 33,873</u>	<u>\$ 480,246</u>	<u>\$ 856,728</u>	<u>\$ 26,660</u>

Data Processing (710)	Total
\$ 9,678	\$ 1,280,756
6,023	6,023
-	99,657
28,474	28,474
<u>44,175</u>	<u>1,414,910</u>

223,592	284,853
(181,300)	(215,789)
<u>42,292</u>	<u>69,064</u>
<u>\$ 86,467</u>	<u>\$ 1,483,974</u>

\$ 9,687	\$ 15,556
-	28,150
-	2,090
-	65,712
<u>9,687</u>	<u>111,508</u>

-	71,493
-	(65,712)
-	5,781
<u>9,687</u>	<u>117,289</u>

42,292	69,064
34,488	1,297,621
<u>76,780</u>	<u>1,366,685</u>

<u>\$ 86,467</u>	<u>\$ 1,483,974</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, 2024

	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	\$ 281,722	\$ 2,027,289	\$ 442,658	\$ 441,862
Other sales and services	-	17,421	-	22,066
Total operating revenues	<u>281,722</u>	<u>2,044,710</u>	<u>442,658</u>	<u>463,928</u>
Operating expenses				
Personnel services	250,518	432	-	-
Materials and supplies	42,859	-	-	-
Professional services	20,462	106,657	6,000	45,249
Insurance premiums and claims paid	-	1,798,341	425,899	420,559
Depreciation	6,126	-	-	-
Total operating expenses	<u>319,965</u>	<u>1,905,430</u>	<u>431,899</u>	<u>465,808</u>
Operating income (loss)	(38,243)	139,280	10,759	(1,880)
Nonoperating revenues				
Investment income	280	6,622	39,609	2,623
Change in net position	(37,963)	145,902	50,368	743
Net position				
Beginning of year	<u>(10,977)</u>	<u>328,537</u>	<u>806,360</u>	<u>6,935</u>
End of year	<u>\$ (48,940)</u>	<u>\$ 474,439</u>	<u>\$ 856,728</u>	<u>\$ 7,678</u>

Data Processing (710)	Total
\$ 222,812	\$ 3,416,343
-	39,487
222,812	3,455,830
-	250,950
24,855	67,714
196,136	374,504
-	2,644,799
6,044	12,170
227,035	3,350,137
(4,223)	105,693
475	49,609
(3,748)	155,302
80,528	1,211,383
\$ 76,780	\$ 1,366,685

City of Fairmont
Statement of Cash Flows - Internal Service Funds
Year Ended December 31, 2024

	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	\$ 281,722	\$ 2,027,289	\$ 442,658	\$ 441,862
Payments to suppliers for goods and services	(61,874)	(1,900,846)	(431,899)	(474,917)
Payments to employees for services	(221,004)	-	-	-
Other operating revenues	-	17,421	-	22,066
Net cash flows - operating activities	<u>(1,156)</u>	<u>143,864</u>	<u>10,759</u>	<u>(10,989)</u>
Cash Flows - Noncapital Financing Activities				
Advances from (to) other funds	<u>(272)</u>	<u>14,258</u>	<u>-</u>	<u>-</u>
Cash Flows - Investing Activities				
Investment income	<u>280</u>	<u>6,622</u>	<u>39,609</u>	<u>2,623</u>
Net change in cash and cash equivalents	(1,148)	164,744	50,368	(8,366)
Cash and Cash Equivalents				
Beginning of year	<u>8,249</u>	<u>234,827</u>	<u>806,360</u>	<u>16,044</u>
End of year	<u>\$ 7,101</u>	<u>\$ 399,571</u>	<u>\$ 856,728</u>	<u>\$ 7,678</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities				
Operating income (loss)	\$ (38,243)	\$ 139,280	\$ 10,759	\$ (1,880)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Depreciation	6,126	-	-	-
Accounts receivable	-	-	-	-
Prepaid items	-	-	-	-
Salaries payable	(101)	787	-	-
Accounts payable	1,447	3,797	-	(9,109)
Compensated absences payable	29,615	-	-	-
Total adjustments	<u>37,087</u>	<u>4,584</u>	<u>-</u>	<u>(9,109)</u>
Net cash flows - operating activities	<u>\$ (1,156)</u>	<u>\$ 143,864</u>	<u>\$ 10,759</u>	<u>\$ (10,989)</u>

Internal Service Funds

Data Processing (710)	Total
\$ 216,789	\$ 3,410,320
(216,945)	(3,086,481)
-	(221,004)
-	39,487
(156)	142,322
-	13,986
474	49,608
318	205,916
9,360	1,074,840
\$ 9,678	\$ 1,280,756
\$ (4,223)	\$ 105,693
6,044	12,170
(6,023)	(6,023)
4,380	4,380
-	686
(334)	(4,199)
-	29,615
4,067	36,629
\$ (156)	\$ 142,322

City of Fairmont
Economic Development Authority
Discretely Presented Component Unit
Balance Sheet/Net Position
December 31, 2024

Assets	
Cash and investments	\$ 532,992
Due from other governments	863
Property taxes receivable	2,145
Land held for resale	832,476
	<u>832,476</u>
Total assets	<u>\$ 1,368,476</u>
Liabilities	
Accounts payable	\$ 38
Due to other governments	586
Salaries and benefits payable	10,485
Total liabilities	<u>11,109</u>
Deferred Inflows of Resources	
Unavailable revenue - taxes	2,145
	<u>2,145</u>
Fund Balances	
Assigned	<u>1,355,222</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,368,476</u>
Total fund balances - governmental funds	\$ 1,355,222
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	(9,528)
Net pension liability	(43,586)
Compensated absences	(11,649)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Delinquent property taxes receivable	2,145
Governmental funds do not report long-term amounts related to other postemployment benefits	
Deferred inflows of resources related to Pensions	(31,690)
Deferred outflows of resources related to Pensions	8,472
Deferred inflows of resources related to OPEB	(901)
Deferred outflows of resources related to OPEB	2,230
	<u>2,230</u>
Total net position - governmental activities	<u>\$ 1,270,715</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, 2024

Revenues	
General property taxes	\$ 101,404
Payments from City	115,000
Investment income	29,673
Miscellaneous	9,103
Total revenues	<u>255,180</u>
Expenditures	
Current	
Economic development	<u>204,381</u>
Net change in fund balances	50,799
Fund Balances	
Beginning of year	<u>1,304,423</u>
End of year	<u>\$ 1,355,222</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances	\$ 50,799
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.	
Compensated absences	(3,048)
Post employment benefits other than pension costs	(45)
Pension expense	3,343
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.	
Delinquent property taxes	<u>(2,330)</u>
Change in net position - governmental activities	<u>\$ 48,719</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, 2024

	Budgeted		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
Revenues			
General property taxes	\$ 100,000	\$ 101,404	\$ 1,404
Payment from Primary Government	115,000	115,000	-
Investment income	5,000	29,673	24,673
Miscellaneous	-	9,103	9,103
Total revenues	<u>220,000</u>	<u>255,180</u>	<u>35,180</u>
Expenditures			
Current			
Economic development	<u>220,000</u>	<u>204,381</u>	<u>(15,619)</u>
Net change in fund balance	<u>\$ -</u>	<u>50,799</u>	<u>\$ 50,799</u>
Fund Balance			
Beginning of year		<u>1,304,423</u>	
End of year		<u>\$ 1,355,222</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			
	2015	2016	2017	2018
Governmental activities				
Net investment in capital assets	\$ 41,232,320	\$ 42,677,369	\$ 43,687,451	\$ 44,638,223
Restricted	12,367,042	9,958,778	9,971,329	10,334,955
Unrestricted	2,908,794	3,969,515	4,619,117	5,821,059
Total governmental activities net position	\$ 56,508,156	\$ 56,605,662	\$ 58,277,897	\$ 60,794,237
Business-type activities				
Net investment in capital assets	\$ 33,949,598	\$ 34,422,093	\$ 35,673,883	\$ 36,725,415
Unrestricted	12,197,684	13,095,940	13,113,654	13,378,042
Total business-type activities net position	\$ 46,147,282	\$ 47,518,033	\$ 48,787,537	\$ 50,103,457
Primary government				
Net investment in capital assets	\$ 75,181,918	\$ 77,099,462	\$ 79,361,334	\$ 81,363,638
Restricted	12,367,042	9,958,778	9,971,329	10,334,955
Unrestricted	15,106,478	17,065,455	17,732,771	19,199,101
Total primary government net position	\$ 102,655,438	\$ 104,123,695	\$ 107,065,434	\$ 110,897,694

Table 1

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 45,287,689	\$ 52,870,737	\$ 52,991,433	\$ 54,981,501	\$ 56,244,080	\$ 58,973,621
11,341,318	9,169,911	10,520,920	12,019,911	12,687,418	12,515,194
7,709,809	8,528,250	11,493,457	9,843,230	11,321,610	13,255,672
<u>\$ 64,338,816</u>	<u>\$ 70,568,898</u>	<u>\$ 75,005,810</u>	<u>\$ 76,844,642</u>	<u>\$ 80,253,108</u>	<u>\$ 84,744,487</u>
\$ 37,160,916	\$ 37,663,308	\$ 40,693,595	\$ 45,157,937	\$ 47,032,193	\$ 49,901,808
14,848,110	15,633,914	15,013,228	11,763,015	13,204,765	15,598,026
<u>\$ 52,009,026</u>	<u>\$ 53,297,222</u>	<u>\$ 55,706,823</u>	<u>\$ 56,920,952</u>	<u>\$ 60,236,958</u>	<u>\$ 65,499,834</u>
\$ 82,448,605	\$ 90,534,045	\$ 93,685,028	\$ 100,139,438	\$ 103,276,273	\$ 108,875,429
11,341,318	9,169,911	10,520,920	12,019,911	12,687,418	12,515,194
22,557,919	24,162,164	26,506,685	21,606,245	24,526,375	28,853,698
<u>\$ 116,347,842</u>	<u>\$ 123,866,120</u>	<u>\$ 130,712,633</u>	<u>\$ 133,765,594</u>	<u>\$ 140,490,066</u>	<u>\$ 150,244,321</u>

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

	Fiscal Year			
	2015	2016	2017	2018
Expenses				
Governmental activities				
General government	\$ 1,216,566	\$ 1,315,890	\$ 1,389,155	\$ 1,538,761
Public safety	2,717,662	3,806,893	3,598,787	3,490,270
Public works	3,128,949	2,787,405	2,988,471	3,036,945
Health and sanitation	100,740	138,831	148,959	138,077
Culture and recreation	1,584,291	1,643,560	1,758,014	1,762,810
Housing and economic development	268,442	362,330	387,295	302,442
Airport and lake restoration	728,443	910,637	918,959	1,009,453
Interest on long-term debt	477,400	323,637	313,947	266,725
Total governmental activities expenses	<u>10,222,493</u>	<u>11,289,183</u>	<u>11,503,587</u>	<u>11,545,483</u>
Business-type activities				
Electric	13,285,756	14,297,048	14,731,070	14,995,845
Water	3,279,741	3,547,150	3,541,198	3,600,037
Wastewater	1,818,529	1,745,686	1,876,476	1,812,529
Storm Sewer	453,463	437,661	482,469	461,741
Liquor	3,035,247	3,134,956	3,181,621	3,210,279
Parking lot	5,252	6,432	8,180	7,389
Total business-type activities expenses	<u>21,877,988</u>	<u>23,168,933</u>	<u>23,821,014</u>	<u>24,087,820</u>
Total primary government expenses	<u>\$ 32,100,481</u>	<u>\$ 34,458,116</u>	<u>\$ 35,324,601</u>	<u>\$ 28,278,667</u>
Program revenues				
Governmental activities				
Charges for services				
General Government	\$ 218,618	\$ 206,187	\$ 200,395	\$ 239,759
Public safety	267,438	229,177	351,871	309,577
Public works	3,327	7,995	13,080	13,302
Health and sanitation	142,225	162,841	161,680	137,360
Culture and recreation	185,412	188,734	184,505	171,529
Housing and economic development	83,675	75,017	84,399	87,680
Airport and lake restoration	517,193	491,669	471,129	470,217
Operating grants and contributions	369,600	413,384	340,258	613,636
Capital grants and contributions	824,310	890,243	2,200,736	1,216,811
Total governmental activities program revenues	<u>2,611,798</u>	<u>2,665,247</u>	<u>4,008,053</u>	<u>3,259,871</u>
Business-type activities				
Charges for services				
Electric	14,599,368	15,375,663	15,866,026	16,405,873
Water	3,359,568	3,502,969	3,494,693	3,521,529
Wastewater	2,349,903	2,389,450	2,334,393	2,305,792
Storm Sewer	582,566	581,011	582,584	581,475
Liquor	3,597,659	3,684,982	3,685,869	3,809,557
Parking lot	5,773	5,708	6,749	6,480
Operating grants and contributions	-	-	-	-
Capital grants and contributions	(97)	10,227	44,417	1,460
Total business-type activities program revenues	<u>24,494,740</u>	<u>25,550,010</u>	<u>26,014,731</u>	<u>26,632,166</u>
Total primary government program revenues	<u>\$ 27,106,538</u>	<u>\$ 28,215,257</u>	<u>\$ 30,022,784</u>	<u>\$ 14,078,414</u>
Net (expense) revenue				
Governmental activities	\$ (7,610,695)	\$ (8,623,936)	\$ (7,495,534)	\$ (8,285,612)
Business-type activities	2,616,752	2,381,077	2,193,717	2,544,346
Total primary government net (expense) revenue	<u>(4,993,943)</u>	<u>(6,242,859)</u>	<u>(5,301,817)</u>	<u>(5,741,266)</u>

Table 2
Page 1 of 2
Continued

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 1,750,444	\$ 1,679,698	\$ 1,615,297	\$ 1,864,469	\$ 1,852,007	\$ 2,423,711
3,782,782	3,539,488	3,585,369	4,205,479	4,422,665	4,045,354
3,373,265	3,081,028	3,293,994	3,393,005	4,528,369	3,998,762
181,175	216,896	204,292	225,095	171,927	246,060
1,819,283	1,737,963	2,034,107	2,174,763	2,352,016	2,333,487
490,126	491,859	517,771	735,369	970,460	785,970
995,295	885,655	1,098,169	1,203,271	1,197,494	1,016,799
322,878	302,302	555,988	370,984	368,636	544,321
<u>12,715,248</u>	<u>11,934,889</u>	<u>12,904,987</u>	<u>14,172,435</u>	<u>15,863,574</u>	<u>15,394,464</u>
14,081,962	13,764,261	14,175,739	14,671,339	15,615,597	16,132,267
3,571,287	3,680,766	5,024,462	4,496,190	4,453,622	4,081,704
2,049,917	2,058,940	2,126,433	2,770,476	2,436,616	2,438,729
489,681	508,968	534,306	569,226	594,778	588,937
3,285,606	3,915,279	3,790,799	3,899,070	4,119,987	4,146,493
4,911	5,482	8,044	5,343	5,533	5,621
<u>23,483,364</u>	<u>23,933,696</u>	<u>25,659,783</u>	<u>26,411,644</u>	<u>27,226,133</u>	<u>27,393,751</u>
<u>\$ 28,499,332</u>	<u>\$ 35,868,585</u>	<u>\$ 38,564,770</u>	<u>\$ 40,584,079</u>	<u>\$ 43,089,707</u>	<u>\$ 42,788,215</u>
\$ 252,598	\$ 182,358	\$ 174,087	\$ 219,054	\$ 187,574	\$ 186,098
350,116	509,698	375,615	334,418	416,841	355,406
1,522	1,971	230,797	235,544	222,602	227,520
132,938	143,764	-	-	-	-
180,093	94,547	206,067	187,225	196,895	195,254
74,431	102,786	55,532	63,391	146,074	122,422
434,297	371,959	445,982	610,819	583,946	444,413
384,501	1,390,641	1,094,279	859,007	2,031,449	686,435
2,173,779	3,218,377	3,180,559	1,147,166	1,513,812	2,857,459
<u>3,984,275</u>	<u>6,016,101</u>	<u>5,762,918</u>	<u>3,656,624</u>	<u>5,299,193</u>	<u>5,075,007</u>
15,956,156	15,104,950	15,371,028	15,368,438	16,343,299	17,156,243
3,549,845	3,850,371	4,657,030	5,187,509	5,951,136	6,538,928
2,291,403	2,381,915	2,637,253	3,074,724	3,183,738	3,468,560
587,415	589,732	597,970	589,586	594,955	589,566
3,859,070	4,632,806	4,551,527	4,541,326	4,738,143	4,721,826
6,480	7,200	8,165	8,525	8,575	8,400
-	-	545,695	327,931	6,873	26,279
11,002	-	300,252	293,752	225,000	426,557
<u>26,261,371</u>	<u>26,566,974</u>	<u>28,668,920</u>	<u>29,391,791</u>	<u>31,051,719</u>	<u>32,936,359</u>
<u>\$ 15,071,179</u>	<u>\$ 32,583,075</u>	<u>\$ 34,431,838</u>	<u>\$ 33,048,415</u>	<u>\$ 36,350,912</u>	<u>\$ 38,011,366</u>
\$ (8,730,973)	\$ (5,918,788)	\$ (7,142,069)	\$ (10,515,811)	\$ (10,564,381)	\$ (10,319,457)
2,778,007	2,633,278	3,009,137	2,980,147	3,825,586	5,542,608
<u>(5,952,966)</u>	<u>(3,285,510)</u>	<u>(4,132,932)</u>	<u>(7,535,664)</u>	<u>(6,738,795)</u>	<u>(4,776,849)</u>

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

	Fiscal Year			
	2015	2016	2017	2018
General revenues and other changes in net position				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	\$ 2,297,072	\$ 2,556,358	\$ 2,912,776	\$ 3,295,022
Property taxes, levied for debt service	1,025,796	1,074,582	1,003,754	1,124,959
Tax increments	67,165	74,173	92,094	139,090
Sales tax	-	-	175,477	740,471
Hotel-motel tax	-	-	-	-
Franchise taxes	38,294	39,526	40,696	41,480
Unrestricted grants and contributions	3,691,778	3,646,550	3,469,459	3,614,236
Investment earnings (loss)	94,493	138,795	182,987	158,834
Other revenues	567,451	13,141	9,459	15,278
Gain (Loss) on disposal of capital assets	38,485	28,684	193,935	199,334
Transfers	1,565,689	1,149,633	1,087,132	1,385,000
Total governmental activities	<u>9,386,223</u>	<u>8,721,442</u>	<u>9,167,769</u>	<u>10,713,704</u>
Business-type activities				
Investment earnings	97,213	139,307	162,919	255,218
Gain (Loss) on disposal of capital assets	-	-	-	-
Transfers	<u>(1,565,689)</u>	<u>(1,149,633)</u>	<u>(1,087,132)</u>	<u>(1,385,000)</u>
Total business-type activities	<u>(1,468,476)</u>	<u>(1,010,326)</u>	<u>(924,213)</u>	<u>(1,129,782)</u>
Total primary government	<u>\$ 7,917,747</u>	<u>\$ 7,711,116</u>	<u>\$ 8,243,556</u>	<u>\$ 9,583,922</u>
Change in net position				
Governmental activities	\$ 1,775,528	\$ 97,506	\$ 1,672,235	\$ 2,428,092
Business-type activities	<u>1,148,276</u>	<u>1,370,751</u>	<u>1,269,504</u>	<u>1,414,564</u>
Total primary government	<u>\$ 2,923,804</u>	<u>\$ 1,468,257</u>	<u>\$ 2,941,739</u>	<u>\$ 3,842,656</u>

Table 2
Page 2 of 2

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 3,397,379	\$ 4,041,498	\$ 4,402,101	\$ 4,428,005	\$ 4,701,029	\$ 5,341,586
1,167,838	1,171,872	1,152,909	1,426,306	1,511,329	1,321,606
169,900	165,387	183,749	175,478	107,056	141,953
927,291	969,829	1,097,896	1,171,835	1,194,853	1,067,404
173,068	115,865	163,305	170,165	171,248	165,480
41,438	40,975	279,305	307,084	300,414	280,902
3,492,561	3,630,935	3,695,477	4,015,623	3,755,906	4,197,569
526,019	264,971	(49,007)	(599,784)	1,035,526	1,172,694
36,008	78,889	-	-	-	-
82,500	13,649	90,864	45,000	4,580	38,897
1,338,000	1,655,000	562,382	1,214,931	1,190,906	1,082,745
<u>11,352,002</u>	<u>12,148,870</u>	<u>11,578,981</u>	<u>12,354,643</u>	<u>13,972,847</u>	<u>14,810,836</u>
465,562	309,918	(37,154)	(551,087)	678,210	783,381
-	-	-	-	3,116	19,632
<u>(1,338,000)</u>	<u>(1,655,000)</u>	<u>(562,382)</u>	<u>(1,214,931)</u>	<u>(1,190,906)</u>	<u>(1,082,745)</u>
<u>(872,438)</u>	<u>(1,345,082)</u>	<u>(599,536)</u>	<u>(1,766,018)</u>	<u>(509,580)</u>	<u>(279,732)</u>
<u>\$ 10,479,564</u>	<u>\$ 10,803,788</u>	<u>\$ 10,979,445</u>	<u>\$ 10,588,625</u>	<u>\$ 13,463,267</u>	<u>\$ 14,531,104</u>
\$ 2,621,029	\$ 6,230,082	\$ 4,436,912	\$ 1,838,832	\$ 3,408,466	\$ 4,491,379
1,905,569	1,288,196	2,409,601	1,214,129	3,316,006	5,262,876
<u>\$ 4,526,598</u>	<u>\$ 7,518,278</u>	<u>\$ 6,846,513</u>	<u>\$ 3,052,961</u>	<u>\$ 6,724,472</u>	<u>\$ 9,754,255</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					
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
2023	4,684,391	1,511,329	107,056	1,194,853	171,248	300,414	7,969,291
2024	5,341,586	1,321,606	141,953	1,067,404	165,480	280,902	8,318,931

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

	Fiscal Year			
	2015	2016	2017	2018
General Fund				
Nonspendable	\$ -	\$ 787	\$ -	\$ -
Restricted	-	-	-	-
Committed	151,622	151,622	29,122	79,222
Assigned	2,739,131	2,739,131	3,279,918	3,807,630
Unassigned	3,488,001	4,100,400	3,940,674	3,976,673
Total general fund	<u>\$ 6,378,754</u>	<u>\$ 6,991,940</u>	<u>\$ 7,249,714</u>	<u>\$ 7,863,525</u>
All other governmental funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	11,337,886	10,818,055	8,618,602	8,264,773
Committed	1,082,705	1,110,270	940,810	1,179,486
Assigned	207,420	364,986	497,183	502,064
Unassigned	(2,850)	(764,003)	(125,281)	(177,718)
Total all other governmental funds	<u>\$ 12,625,161</u>	<u>\$ 11,529,308</u>	<u>\$ 9,931,314</u>	<u>\$ 9,768,605</u>

Table 4

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 190	\$ -	\$ -	\$ -	\$ 7,625	\$ 190
-	-	-	-	510,648	455,851
80,912	94,412	214,564	285,017	205,314	284,619
6,817,619	4,534,775	5,360,813	5,927,303	6,131,402	7,414,982
1,048,750	1,512,473	1,447,582	1,254,173	2,565,448	1,353,256
<u>\$ 7,947,471</u>	<u>\$ 6,141,660</u>	<u>\$ 7,022,959</u>	<u>\$ 7,466,493</u>	<u>\$ 9,420,437</u>	<u>\$ 9,508,898</u>
\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,400	\$ 3,400	\$ -
7,589,109	7,048,832	8,241,473	9,665,146	9,976,981	15,532,897
3,596,589	3,437,546	7,694,618	6,265,199	7,173,117	8,457,047
140,827	2,773,840	75,767	59,200	60,168	-
(196,313)	(375,964)	(142,762)	(178,891)	(889,739)	(202,491)
<u>\$ 11,133,412</u>	<u>\$ 12,887,454</u>	<u>\$ 15,872,296</u>	<u>\$ 15,814,054</u>	<u>\$ 16,323,927</u>	<u>\$ 23,787,453</u>

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

	Fiscal Year			
	2015	2016	2017	2018
Revenues				
Taxes	\$ 3,448,929	\$ 3,768,410	\$ 4,207,083	\$ 5,332,614
Special assessments	589,366	459,825	721,283	401,223
Intergovernmental	4,313,685	4,831,630	5,115,057	5,249,736
Licenses and permits	213,922	155,757	171,720	161,590
Charges for services	799,346	830,732	913,191	993,274
Fines and forfeitures	56,129	55,554	55,221	56,420
Investment earnings	86,920	127,993	170,377	140,360
Miscellaneous	974,449	411,293	504,388	511,051
Total revenues	<u>10,482,746</u>	<u>10,641,194</u>	<u>11,858,320</u>	<u>12,846,268</u>
Expenditures				
Current				
General government	1,218,580	1,133,899	1,240,887	1,438,470
Public safety	3,016,290	3,079,878	3,247,776	3,460,352
Public works	2,053,662	2,038,305	2,092,697	2,345,194
Cultural and recreation	1,330,948	1,319,819	1,377,943	1,413,771
Housing and economic development	199,147	283,659	319,018	241,698
Capital outlay	3,452,739	3,058,970	5,012,448	2,177,252
Debt service				
Principal retirement	1,230,000	3,780,000	3,730,000	2,430,000
Interest	408,708	390,173	333,112	302,763
Total expenditures	<u>12,910,074</u>	<u>15,084,703</u>	<u>17,353,881</u>	<u>13,809,500</u>
Revenues under expenditures	<u>(2,427,328)</u>	<u>(4,443,509)</u>	<u>(5,495,561)</u>	<u>(963,232)</u>

Table 5
Page 1 of 2

		Fiscal Year				
2019		2020	2021	2022	2023	2024
\$	5,861,225	\$ 6,506,028	\$ 7,217,041	\$ 7,595,746	\$ 7,969,291	\$ 8,397,438
	472,874	499,423	593,397	346,546	611,308	368,506
	4,562,311	9,346,207	6,719,627	5,644,557	6,532,026	6,903,232
	200,446	334,988	167,640	129,810	135,266	144,780
	947,814	840,613	1,098,755	1,247,713	1,237,026	1,051,231
	59,930	42,131	49,592	38,112	37,792	28,444
	492,652	245,522	(47,151)	(578,014)	1,006,650	1,142,684
	541,506	289,901	550,092	426,808	451,522	487,080
	<u>13,138,758</u>	<u>18,104,813</u>	<u>16,348,993</u>	<u>14,851,278</u>	<u>17,980,881</u>	<u>18,523,395</u>
	1,615,228	1,645,448	1,487,700	1,580,745	1,620,956	1,927,874
	3,493,881	3,387,809	3,689,336	3,679,957	3,837,746	3,919,401
	2,436,789	2,286,972	2,443,402	2,710,615	2,794,315	2,785,221
	1,444,480	1,396,900	1,541,398	1,792,635	1,772,433	1,804,951
	418,073	440,300	468,773	684,975	806,560	749,543
	4,624,350	8,864,130	12,430,133	3,163,137	3,940,236	7,707,763
	1,465,000	1,470,000	1,635,000	1,654,990	1,530,150	1,565,151
	251,071	333,672	483,581	458,863	410,154	585,711
	<u>15,748,872</u>	<u>19,825,231</u>	<u>24,179,323</u>	<u>15,725,917</u>	<u>16,712,550</u>	<u>21,045,615</u>
	<u>(2,610,114)</u>	<u>(1,720,418)</u>	<u>(7,830,330)</u>	<u>(874,639)</u>	<u>1,268,331</u>	<u>(2,522,220)</u>

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

	Fiscal Year			
	2015	2016	2017	2018
Other financing sources (uses)				
Proceeds on sale of capital assets	\$ 38,485	\$ 28,684	\$ 43,435	\$ 29,334
Transfers in	2,366,802	1,734,065	4,520,394	2,832,281
Transfers out	(801,113)	(584,432)	(3,433,262)	(1,447,281)
Issuance of refunding bonds	-	-	-	-
Payments to refunding escrow agent	-	-	-	-
Bonds issued	2,330,000	2,715,000	2,950,000	-
Premium (discount) on bonds issued	24,175	67,525	74,774	-
Total other financing sources (uses)	<u>3,958,349</u>	<u>3,960,842</u>	<u>4,155,341</u>	<u>1,414,334</u>
Net change in fund balance	<u>\$ 1,531,021</u>	<u># \$ (482,667)</u>	<u># \$ (1,340,220)</u>	<u># \$ 451,102</u>
Debt service as a percentage of noncapital expenditu	17.3%	34.7%	32.9%	23.5%

Table 5
Page 2 of 2

Fiscal Year						
2019	2020	2021	2022	2023	2024	
\$ -	\$ 13,649	\$ 90,864	\$ 45,000	\$ 4,580	\$ 38,897	
5,067,480	11,474,061	3,589,257	3,441,756	2,835,474	5,433,389	
(3,729,480)	(9,819,061)	(1,516,469)	(2,226,825)	(1,644,568)	(4,350,644)	
-	-	988,097	-	-	-	
-	-	(980,000)	-	-	-	
2,600,000	-	9,226,903	-	-	8,445,000	
119,809	-	297,819	-	-	507,565	
<u>4,057,809</u>	<u>1,668,649</u>	<u>11,696,471</u>	<u>1,259,931</u>	<u>1,195,486</u>	<u>10,074,207</u>	
\$ 1,447,695	\$ (51,769)	\$ 3,866,141	\$ 385,292	\$ 2,463,817	\$ 7,551,987	
15.4%	16.5%	18.0%	16.9%	14.2%	15.7%	

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
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
2023	6,195,720	107,056	1,194,853	300,414	7,798,043
2024	6,663,192	141,953	1,067,404	280,902	8,153,451

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						
2024	\$ 730,011,771	\$ 235,240,200	\$ 53,780,054	\$ 7,797,700	\$ 1,026,829,725	62.076	\$ 1,114,021,800	92.17 %
2023	700,458,101	237,829,300	55,108,685	7,303,500	1,000,699,586	58.126	1,066,016,200	93.87
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

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		
	2024	46.475	15.601	62.076	31.732	3.729	35.461	8.502	10.533		
2023	47.441	10.685	58.126	29.717	1.087	30.804	7.645	10.522	18.167	0.260	107.357
2022	45.212	13.900	59.112	36.805	1.270	38.075	8.405	13.306	21.711	0.332	119.230
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

Source: Martin County Assessors' Office.

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

Table 9

Taxpayer	Type of Business	2024			2015		
		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	\$ 24,485,900	1	2.4 %	\$ 18,252,300	2	3.0 %
Green Plains Fairmont LLC	Ethanol Manufacturing	19,907,100	2	1.9	20,471,800	1	3.3
SMPMA	Utilities	7,822,600	3	0.8	9,569,100	4	1.6
Advanced Drainage Systems	Drainage Manufacturing	752,700	4	0.1			
Goldfinch Estates	Assisted Living	13,399,000	5	1.3	8,871,300	5	1.4
Wal-Mart	Retail	6,663,900	6	0.7	11,274,100	3	1.8
United Hospital District	Medical Facility	6,549,000	7	0.6			
Minnesota Energy Resources	Utilities	6,055,000	8	0.6	3,856,900	10	0.6
Fairmont Foods	Food Processing	6,609,700	9	0.6			
Bank Midwest	Banking	5,531,100	10	0.5	5,080,700	8	0.8
Mayo Health Systems	Medical Facility	-		-	5,837,400	6	1.0
Weigh-Tronix, Inc.	Scale Manufacturing	-		-	5,256,000	7	0.9
A.L. & C.E. Ward Inc.	Professional Services	-		-	3,857,000	9	0.6
Total		\$ 97,776,000		9.5 %	\$ 92,326,600		15.0 %

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
2024	\$ 6,891,068	\$ 6,815,885	98.9 %	\$ -	\$ 6,815,885	98.9 %
2023	6,490,493	6,380,646	98.3	91,987	6,472,633	99.7
2022	5,988,220	5,825,738	97.3	144,281	5,970,019	99.7
2021	5,667,794	5,537,191	97.7	120,097	5,657,288	99.8
2020	5,305,980	5,238,975	98.7	60,484	5,299,459	99.9
2019	4,712,867	4,642,968	98.5	67,554	4,710,522	100.0
2018	4,537,870	4,485,200	98.8	51,175	4,536,375	100.0
2017	4,049,030	4,000,995	98.8	47,001	4,047,996	100.0
2016	3,714,706	3,680,130	99.1	33,844	3,713,974	100.0
2015	3,410,035	3,372,606	98.9	37,109	3,409,715	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				
2024	\$ 12,453,018	\$ 11,637,242	\$ -	\$ -	\$ 20,652,000	\$ 44,742,260	2.16 %	11.08 %	\$ 4,348
2023	6,647,017	10,081,679	5,151	-	22,469,520	39,203,367	1.57	10.72	3,766
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

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, 2024

Table 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of Fairmont	\$ 24,090,260	100.00 %	\$ 24,090,260
Total direct debt	<u>24,090,260</u>		<u>24,090,260</u>
Martin County	23,586,000	15.20	3,585,072
Independent School District No. 2752	<u>29,545,000</u>	45.15	<u>13,339,568</u>
Total overlapping debt	<u>53,131,000</u>		<u>16,924,640</u>
Total direct and overlapping debt	<u>\$ 77,221,260</u>		<u>\$ 41,014,900</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			
	2024	2023	2022	2021
Debt Limit	\$ 30,804,892	\$ 30,020,988	\$ 27,609,220	\$ 23,470,512
Total net debt applicable to limit	<u>12,035,000</u>	<u>6,565,000</u>	<u>6,735,000</u>	<u>6,935,000</u>
Legal Debt Margin	<u>\$ 18,769,892</u>	<u>\$ 23,455,988</u>	<u>\$ 20,874,220</u>	<u>\$ 16,535,512</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>39.1</u>	<u>21.9</u>	<u>24.4</u>	<u>29.5</u>

Legal Debt Margin Calculation for Fiscal Year 2024

Estimated market value	\$ 1,026,829,725
Debt limit (3% of EMV)	<u>30,804,892</u>
Debt applicable to limit	
General obligation bonds	12,035,000
Less Amount set aside for repayment of general obligation debt	<u>(4,730,537)</u>
Total net debt applicable to limit	<u>7,304,463</u>
Legal debt margin	<u>\$ 23,500,429</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					
2020	2019	2018	2017	2016	2015
\$ 21,264,642	\$ 20,566,395	\$ 19,772,562	\$ 19,234,896	\$ 18,414,708	\$ 18,517,473
-	-	-	-	-	-
<u>\$ 21,264,642</u>	<u>\$ 20,566,395</u>	<u>\$ 19,772,562</u>	<u>\$ 19,234,896</u>	<u>\$ 18,414,708</u>	<u>\$ 18,517,473</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Table 14

Year	Utility Revenue Bonds							Coverage
	Gross Revenue	Direct Operating Expenses ⁽³⁾	Net Revenue Available for Debt Service	Debt Service Requirements ⁽⁴⁾				
				Principal	Interest	Total		
2024 ⁽¹⁾	\$ 10,842,630	\$ 4,469,083	\$ 6,373,547	\$ 1,820,573	\$ 469,126	\$ 2,289,699	2.78	
2023 ⁽¹⁾	10,156,080	4,924,757	5,231,323	1,791,000	498,664	2,289,664	2.28	
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	

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)
2024	10,290	\$ 39,233	\$ 403,707,570	47.0	1,774	2.5 %
2023	10,411	\$ 35,114	\$ 365,571,854	46.0	1,705	2.5
2022	10,549	\$ 32,648	\$ 344,403,752	45.6	1,727	3.0
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

^(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	2024			2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fairmont Foods of Minnesota	357	1	3.54 %	165	8	1.63 %
Weigh-Tronix Scale Manufacturing	307	2	3.04	305	2	3.01
REM Heartland	295	3	2.93	185	7	1.83
Fairmont Mayo Health Systems	260	4	2.58	546	1	5.39
ISD 2752	244	5	2.42	260	3	2.57
Preferred Capital Management	200	6	1.98	-	-	-
Wal-Mart	191	7	1.89	191	6	1.88
Lakeview Health Care Facility	160	8	1.59	151	9	1.49
Hy-Vee	142	9	1.41	240	4	2.37
Torgerson Properties	137	10	1.36	219	5	2.16
Martin County	-		-	131	10	1.29
Total	2,293		22.74 %	2,393		23.62 %

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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Government	11	10	9	11	11	11	11	11	10	11
Public Safety										
Police										
Officers	17	15	16	17	18	18	18	18	15	16
Civilians	2	2	2	2	2	2	2	2	2	2
Streets and Highways										
Engineering	3	3	3	4	4	4	4	4	4	3
Maintenance	11	11	11	11	11	11	11	10	10	10
Culture and Recreation										
Parks	10	10	10	10	10	10	10	10	10	9
Housing and Economic Development	4	3	3	3	3	3	4	4	4	3
Water	11	10	10	10	11	11	11	12	12	12
Sewer	6	5	5	5	5	5	5	5	5	5
Electric	10	10	10	10	10	9	11	11	11	11
Liquor Store	4	4	3	3	3	3	3	3	3	3
Airport	1	1	1	1	1	1	1	1	1	1
Total	<u>90</u>	<u>84</u>	<u>83</u>	<u>87</u>	<u>89</u>	<u>88</u>	<u>91</u>	<u>91</u>	<u>87</u>	<u>86</u>

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

Table 18

Function	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Police										
Adult arrests	694	943	932	910	755	1,269	1,320	1,086	916	979
Juvenile arrests	80	79	88	39	61	128	86	89	69	87
Fire										
Number of fire calls answered	108	111	131	102	87	102	95	104	103	119
Number of rescue calls answered	44	61	54	33	35	35	36	40	34	19
Highways and Streets										
Street resurfacing (miles)	1	2	1	6	1	5	1	4	1	5
Culture and Recreation										
Attendance at water park	18,484	21,060	19,989	20,908	11,898	20,747	21,691	21,852	25,585	25,336
Water										
Annual water consumption (thousands of gallons)	442,126	433,254	414,800	389,325	348,032	345,631	359,856	371,690	375,715	367,127
Wastewater										
Annual treatment flows (thousands of gallons)	675,390	559,190	457,490	453,720	558,330	758,520	778,920	586,820	673,240	490,670
Electric										
Annual KWH electricity sold (thousands of kwh)	138,734	141,311	144,773	144,242	141,697	144,833	150,728	146,088	147,048	142,562

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					
	2024	2023	2022	2021	2020	2019
Public Safety						
Police						
Stations	1	1	1	1	1	1
Full-time paid police	15	15	16	17	18	18
Part-time paid police	2	2	3	2	2	2
Civilian employees	4	4	2	2	2	2
Fire						
Stations	1	1	1	1	1	1
Volunteer fire fighters	28	28	28	27	29	28
Hydrants	562	562	562	562	556	556
I.S.O. Rating	5	5	5	5	5	5
Public Works						
Street division						
Miles of street	75	75	75	75	74	74
Percent of paved streets	97	97	97	97	97	97
Signalized intersections	9	9	9	9	9	10
Roundabouts	1	1	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	3	3	3	3	3	3
Mini Golf (18 holes)	1	1	1	1	1	1
Disc Golf (54 holes)	1	1	1	1	1	1
Swimming areas	1	1	1	2	2	2
Tennis courts	1	1	1	2	2	2
Volleyball courts	5	5	5	5	5	5
Pickleball courts	2	2	2	-	-	-
Utilities						
Municipal water						
Consumers	4,510	4,516	4,515	4,501	4,449	4,435
Average daily consumption	1,312,000	1,383,600	1,297,400	1,245,642	1,231,170	1,217,150
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	85	85	84	84
Municipal wastewater treatment						
Average daily treatment	1,847,500	1,530,833	1,250,833	1,242,500	1,523,333	2,070,833
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	79	79	81	81
Storm drains						
Miles of storm sewer	61	61	61	61	56	56
Holding ponds	13	13	13	13	13	13
Parking System						
Off-street parking						
Off street lots	7	7	7	7	7	7
Employees						
Supervisors	11	9	9	10	10	10
Union employees	60	57	58	61	61	62
Other employees	19	18	16	16	18	16
Total Employees	90	84	83	87	89	88

Source: City of Fairmont Records

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

Table 19

Fiscal Year			
2018	2017	2016	2015
1	1	1	1
18	18	14	15
2	2	2	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
97	96	96	96
10	10	10	10
-	-	-	-
29	29	29	29
560	560	560	560
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
-	-	-	-
4,433	4,430	4,435	4,423
1,238,544	1,220,239	1,265,344	1,238,628
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	84	84	83
2,131,667	1,608,333	1,836,667	1,342,500
11,500,000	11,500,000	11,500,000	11,500,000
81	81	81	80
41	41	41	41
9	9	9	8
7	7	7	7
10	10	10	10
63	64	61	59
18	17	16	17
91	91	87	86

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

	Fiscal Year				
	2024	2023	2022	2021	2020
Electric Department/Fund					
Production	\$ 12,783,950	\$ 12,712,256	\$ 11,617,298	\$ 11,335,480	\$ 11,045,034
Distribution	2,037,650	1,544,213	1,616,220	1,400,491	1,211,160
Administration and depreciation	1,258,267	1,297,169	1,352,840	1,406,092	1,419,231
Total Electric Department/Fund	<u>16,079,867</u>	<u>15,553,638</u>	<u>14,586,358</u>	<u>14,142,063</u>	<u>13,675,425</u>
Water Department/Fund					
Filtration	1,571,052	1,995,362	2,144,626	2,923,257	1,090,886
Distribution	696,816	729,931	650,582	735,469	652,320
Administration and depreciation	1,281,963	1,263,336	1,203,295	1,156,332	1,420,613
Total Water Department/Fund	<u>3,549,831</u>	<u>3,988,629</u>	<u>3,998,503</u>	<u>4,815,058</u>	<u>3,163,819</u>
Wastewater Department/Fund					
Treatment	1,221,235	1,174,227	1,486,489	933,033	753,613
Collection	301,434	378,712	445,177	410,550	317,671
Administration and depreciation	904,634	862,181	788,937	761,175	920,281
Total Wastewater Department/Fund	<u>2,427,303</u>	<u>2,415,120</u>	<u>2,720,603</u>	<u>2,104,758</u>	<u>1,991,565</u>
Total	<u>\$ 22,057,001</u>	<u>\$ 21,957,387</u>	<u>\$ 21,305,464</u>	<u>\$ 21,061,879</u>	<u>\$ 18,830,809</u>

Table 20

Fiscal Year				
2019	2018	2017	2016	2015
\$ 11,362,565	\$ 11,988,898	\$ 11,830,111	\$ 11,652,003	\$ 10,697,955
1,140,552	1,321,749	1,319,652	1,309,186	1,158,176
1,486,329	1,578,789	1,434,720	1,250,177	1,387,871
<u>13,989,446</u>	<u>14,889,436</u>	<u>14,584,483</u>	<u>14,211,366</u>	<u>13,244,002</u>
1,190,152	1,192,070	1,338,340	1,339,214	1,028,792
560,545	548,746	296,577	301,137	439,942
1,282,493	1,305,123	1,323,799	1,335,355	1,229,500
<u>3,033,190</u>	<u>3,045,939</u>	<u>2,958,716</u>	<u>2,975,706</u>	<u>2,698,234</u>
772,346	586,482	615,313	491,159	589,736
308,481	270,740	296,213	296,240	294,909
877,645	853,625	841,832	830,211	807,607
<u>1,958,472</u>	<u>1,710,847</u>	<u>1,753,358</u>	<u>1,617,610</u>	<u>1,692,252</u>
<u>\$ 18,981,108</u>	<u>\$ 19,646,222</u>	<u>\$ 19,296,557</u>	<u>\$ 18,804,682</u>	<u>\$ 17,634,488</u>

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

	Fiscal Year				
	2024	2023	2022	2021	2020
Electric Department/Fund	\$ 17,156,243	\$ 16,343,299	\$ 15,368,438	\$ 15,371,028	\$ 15,096,642
Water Department/Fund	6,538,928	5,951,136	5,187,509	4,657,030	3,828,469
Wastewater Department/Fund	3,468,560	3,408,738	3,326,664	2,637,253	2,380,822
Total	<u>\$ 27,163,731</u>	<u>\$ 25,703,173</u>	<u>\$ 23,882,611</u>	<u>\$ 22,665,311</u>	<u>\$ 21,305,933</u>

Table 21

Fiscal Year				
<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 15,547,859	\$ 16,384,952	\$ 15,845,241	\$ 15,338,091	\$ 14,561,648
3,538,073	3,513,185	3,488,744	3,497,629	3,329,141
<u>2,290,534</u>	<u>2,303,196</u>	<u>2,334,068</u>	<u>2,387,483</u>	<u>2,349,903</u>
<u>\$ 21,376,466</u>	<u>\$ 22,201,333</u>	<u>\$ 21,668,053</u>	<u>\$ 21,223,203</u>	<u>\$ 20,240,692</u>

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

Table 22

Year	Gross Generation	Purchased KWH	Purchased From	Total KWH	* Sales KWH	Own Use	Peak Demand
2024	-	143,363,757	SMMPA/WAPA	143,363,757	138,733,548	-	30,262
2023	-	147,627,992	SMMPA/WAPA	147,627,992	141,310,710	-	32,856
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

* 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
2024	\$ 12,783,950 0.09215	\$ 2,018,650 0.01455	\$ 746,520 0.00538	\$ 444,061 0.00320	\$ 15,993,181 0.11528	143,363,757 138,733,548	\$ 0.11528
2023	12,712,256 0.09000	1,557,708 0.01103	741,804 0.00525	443,422 0.00314	15,455,190 0.10942	147,627,992 141,243,910	0.10942
2022	11,617,298 0.07730	1,616,220 0.01075	902,785 0.00601	450,055 0.00299	14,586,358 0.09706	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

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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>2024</u>						
Residential Light	27,343,530	\$ 3,588,828	\$ 0.131250	19.7 %	21.9 %	3,866
Commercial Service	21,661,905	2,557,070	0.118045	15.6	15.5	779
General Service	14,917,305	1,638,987	0.109872	10.8	10.0	42
Industrial Sales	50,515,590	5,520,288	0.109279	36.4	33.5	13
All Electric	8,314,724	863,091	0.103803	6.0	5.2	8
Rural Electric	3,233,396	415,774	0.128587	2.3	2.5	229
Filter Plant	1,262,100	104,249	0.082600	0.9	0.6	1
Street Lighting	521,127	47,631	0.091400	0.4	0.3	6
Flat Rate Security Lights	48,997	10,869	0.221838	-	0.1	-
Residential Heat	8,650,899	1,055,706	0.122034	6.2	6.4	913
Wastewater Plant	1,334,277	110,211	0.082600	1.0	0.7	1
Seasonal Heat Rate	921,736	85,540	0.092803	0.7	0.5	26
EV Charging Stations	7,962	4,579	0.575072	-	-	0
Energy Cost Adjustment	-	452,857	-	-	2.8	-
Total Sales	<u>138,733,548</u>	<u>\$ 16,455,680</u>	<u>\$ 0.118614</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>5,884</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>2023</u>						
Residential Light	28,210,046	\$ 3,180,725	\$ 0.112751	20.0 %	20.0 %	3,868
Commercial Service	20,909,871	2,244,466	0.107340	14.8	14.1	780
General Service	14,397,130	1,352,972	0.093975	10.2	8.5	43
Industrial Sales	52,508,435	4,841,959	0.092213	37.2	30.3	13
All Electric	8,252,750	725,786	0.087945	5.8	4.6	8
Rural Electric	3,581,392	394,314	0.110101	2.5	2.5	228
Filter Plant	1,337,156	88,921	0.066500	0.9	0.6	1
Street Lighting	483,079	36,231	0.075000	0.3	0.2	6
Flat Rate Security Lights	44,939	10,560	0.234985	-	0.1	-
Residential Heat	9,019,486	942,402	0.104485	6.4	5.9	914
Wastewater Plant	1,343,012	89,310	0.066500	1.0	0.6	1
Seasonal Heat Rate	1,222,096	92,175	0.075424	0.9	0.6	26
EV Charging Stations	1,318	2,575	1.953718	-	-	-
Energy Cost Adjustment	-	1,914,155	-	-	12.0	-
Total Sales	<u>141,310,710</u>	<u>\$ 15,916,551</u>	<u>\$ 0.112635</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>5,888</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>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	36.2	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	144,772,556	\$ 15,130,303	\$ 0.104511	100.0 %	100.0 %	5,899

Type of Service	KWH	Amount Billed	Revenue Per KWH	Percent of KWH to Total KWH	Percent of Revenue to Total Revenue	Number of Meters in Service
<u>2021</u>						
Residential Light	29,025,127	\$ 3,286,486	\$ 0.113229	20.1 %	21.8 %	3,862
Commercial Service	20,973,160	2,226,226	0.106146	14.5	14.8	766
General Service	15,314,107	1,465,079	0.095669	10.6	9.7	43
Industrial Sales	53,191,464	4,778,195	0.089830	37.0	31.7	13
All Electric	8,361,915	634,469	0.075876	5.8	4.2	8
Rural Electric	3,585,401	400,183	0.111615	2.5	2.7	226
Filter Plant	1,381,334	91,859	0.066500	1.0	0.6	1
Street Lighting	496,053	37,204	0.075000	0.3	0.2	8
Flat Rate Security Lights	46,334	10,560	0.227910	-	0.1	-
Residential Heat	9,500,740	990,475	0.104252	6.6	6.6	912
Wastewater Plant	1,344,296	89,396	0.066500	0.9	0.6	1
Seasonal Heat Rate	1,069,245	84,088	0.078642	0.7	0.6	25
Energy Cost Adjustment	-	955,779	-	-	6.4	-
Total Sales	144,289,176	\$ 15,049,999	\$ 0.104304	100.0 %	100.0 %	5,865

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	19.1 %	21.1 %	3,816
Commercial Service	19,972,644	2,155,867	0.107941	13.3	14.0	764
General Service	14,585,391	1,407,595	0.096507	9.7	9.1	42
Industrial Sales	52,632,897	4,760,160	0.090441	35.2	30.9	13
All Electric	8,384,124	605,805	0.072256	5.6	3.9	8
All Electric	8,384,124	605,805	0.072256	5.6	3.9	8
Rural Electric	3,601,322	401,797	0.111569	2.4	2.6	223
Filter Plant	1,388,800	92,355	0.066500	0.9	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	6.3	6.4	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	0.5	25
Energy Cost Adjustment	-	943,511	-	-	6.1	-
Total Sales	<u>150,080,811</u>	<u>\$ 15,434,555</u>	<u>\$ 0.102842</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>5,957</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	19.2 %	20.8 %	3,816
Commercial Service	22,264,366	2,349,325	0.105520	15.4	15.5	764
General Service	15,710,084	1,538,087	0.097904	10.8	10.1	42
Industrial Sales	52,659,930	4,781,350	0.090797	36.4	31.6	13
All Electric	8,580,360	673,994	0.078551	5.9	4.4	8
Rural Electric	3,730,724	414,555	0.111119	2.6	2.7	223
Filter Plant	1,382,000	91,903	0.066500	1.0	0.6	1
Street Lighting	499,123	37,434	0.075000	0.3	0.2	8
Flat Rate Security Lights	46,540	10,675	0.229373	-	0.1	-
Residential Heat	9,424,897	985,082	0.104519	6.5	6.5	905
Wastewater Plant	1,406,052	93,502	0.066500	1.0	0.6	1
Seasonal Heat Rate	1,269,732	97,076	0.076454	0.9	0.6	25
Energy Cost Adjustment	-	962,885	-	-	6.3	-
Total Sales	<u>144,833,429</u>	<u>\$ 15,201,760</u>	<u>\$ 0.104960</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>5,806</u>

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
2018						
Residential Light	29,310,618	\$ 3,316,840	\$ 0.113162	18.9 %	20.3 %	3,786
Commercial Service	22,791,640	2,438,585	0.106995	14.7	14.9	755
General Service	16,497,971	1,626,728	0.098602	10.7	9.9	42
Industrial Sales	53,960,562	4,883,075	0.090493	35.0	30.0	12
All Electric	8,782,597	770,695	0.087753	5.7	4.7	8
Rural Electric	4,021,451	446,534	0.111038	2.6	2.7	227
Rural Electric	4,021,451	446,534	0.111038	2.6	2.7	227
Filter Plant	1,398,400	92,994	0.066500	0.9	0.6	1
Street Lighting	1,568,877	117,666	0.075000	1.0	0.7	6
Flat Rate Security Lights	75,982	10,739	0.141336	-	0.1	146
Residential Heat	9,613,644	1,003,001	0.104331	6.2	6.1	910
Wastewater Plant	1,422,302	94,576	0.066495	0.9	0.6	1
Seasonal Heat Rate	1,284,186	99,419	0.077418	0.8	0.6	22
Energy Cost Adjustment	-	1,004,451	-	-	6.1	-
Total Sales	154,749,681	\$ 16,351,837	\$ 0.105666	100.0 %	100.0 %	6,143
2017						
Residential Light	27,178,487	\$ 3,089,916	\$ 0.113690	18.6 %	20.1 %	3,790
Commercial Service	21,667,094	2,313,203	0.106761	14.8	15.0	758
General Service	16,148,841	1,615,370	0.100030	11.1	10.5	42
Industrial Sales	54,949,723	4,944,410	0.089981	37.7	32.1	12
All Electric	8,082,443	718,901	0.088946	5.5	4.7	8
Rural Electric	3,681,432	408,733	0.111026	2.5	2.7	227
Filter Plant	1,370,000	91,105	0.066500	0.9	0.6	1
Street Lighting	1,556,513	116,739	0.075000	1.1	0.8	6
Flat Rate Security Lights	126,972	10,058	0.079214	0.1	0.1	146
Residential Heat	8,980,862	929,531	0.103501	6.1	6.0	907
Wastewater Plant	1,350,010	85,786	0.063545	0.9	0.6	1
SMMPA Expansion Rate	995,198	74,407	0.074766	0.7	0.5	26
Energy Cost Adjustment	-	972,114	-	-	6.3	-
Total Sales	146,087,575	\$ 15,370,273	\$ 0.105213	100.0 %	100.0 %	5,924

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	18.8 %	20.9 %	3,787
Commercial Service	20,939,951	2,249,471	0.107425	13.9	14.7	757
General Service	17,154,277	1,711,015	0.099743	11.4	11.1	42
Industrial Sales	53,320,399	4,767,863	0.089419	35.2	31.0	12
All Electric	8,675,268	765,268	0.088213	5.7	5.0	8
Rural Electric	3,910,260	431,242	0.110285	2.6	2.8	228
Rural Electric	3,910,260	431,242	0.110285	2.6	2.8	228
Filter Plant	1,423,200	94,643	0.066500	0.9	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	6.1	6.3	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	150,958,830	\$ 15,350,331	\$ 0.101686	100.0 %	100.0 %	6,133

Type of Service	KWH	Amount Billed	Revenue Per KWH	Percent of KWH to Total KWH	Percent of Revenue to Total Revenue	Number of Meters in Service
<u>2015</u>						
Residential Light	27,532,940	\$ 3,132,345	\$ 0.113767	19.3 %	22.2 %	3,849
Commercial Service	20,172,539	2,180,659	0.108100	14.2	15.5	753
General Service	17,502,445	1,765,020	0.100844	12.3	12.5	43
Industrial Sales	50,448,638	4,503,510	0.089269	35.4	31.9	12
All Electric	8,595,082	759,629	0.088379	6.0	5.4	8
Rural Electric	3,749,447	417,365	0.111314	2.6	3.0	226
Filter Plant	1,391,200	92,515	0.066500	1.0	0.7	1
Street Lighting	1,634,671	122,601	0.075000	1.1	0.9	6
Flat Rate Security Lights	126,678	10,545	0.083243	0.1	0.1	-
Residential Heat	8,938,461	934,426	0.104540	6.3	6.6	901
Wastewater Plant	1,401,166	93,178	0.066500	1.0	0.7	1
SMMPA Expansion Rate	1,068,798	77,445	0.072460	0.7	0.5	24
Energy Cost Adjustment	-	3	-	-	-	-
Total Sales	142,562,065	\$ 14,089,241	\$ 0.098829	100.0 %	100.0 %	5,824

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			
	2024	2023	2022	2021
Industrial/Commercial Users				
Fairmont Foods 1 & 2	16,629,721 \$ 1,775,540	17,451,603 \$ 1,737,640	17,254,864 \$ 1,590,307	17,605,043 \$ 1,623,706
3M Minnesota Mining and Manufacturing	7,070,626 \$ 796,216	7,797,365 \$ 816,819	7,694,791 \$ 749,454	7,588,667 \$ 740,822
Harsco Track Technology	525,909 \$ 67,687	590,908 \$ 74,906	627,600 \$ 71,684	564,000 \$ 66,121
ADS/Hancor	8,731,198 \$ 997,817	8,707,202 \$ 934,400	8,989,000 \$ 833,813	8,563,000 \$ 788,399
Weigh-Tronix	3,329,729 \$ 409,153	3,682,360 \$ 416,647	3,802,626 \$ 402,391	4,138,794 \$ 430,682
Fareway Foods	1,342,558 \$ 148,214	1,325,770 \$ 137,069	1,210,858 \$ 72,652	1,169,380 \$ 70,163
Bomgaars/Shopko	600,192 \$ 82,377	742,444 \$ 86,063	773,750 \$ 82,703	714,250 \$ 78,592
Torgerson/Holiday Inn/Best Western	1,399,131 \$ 156,694	1,407,320 \$ 150,036	1,333,500 \$ 143,147	1,391,750 \$ 135,353
Five Lakes Center	529,540 \$ 64,216	514,304 \$ 62,755	550,033 \$ 33,002	678,200 \$ 40,692
Hy-Vee Foods	2,138,518 \$ 229,439	2,289,342 \$ 229,668	2,508,800 \$ 231,507	2,571,600 \$ 237,955
Americold/Cloverleaf/Fairmont Refrigerated Services	4,718,378 \$ 495,020	4,481,454 \$ 447,111	4,424,400 \$ 408,041	4,932,360 \$ 448,435
Wal-Mart Stores	2,704,458 \$ 301,475	2,684,648 \$ 283,571	2,675,600 \$ 261,037	2,737,600 \$ 263,536
Fairmont Hospital Mayo	6,147,639 \$ 652,427	5,947,082 \$ 590,012	6,011,472 \$ 360,688	5,914,090 \$ 354,845
I.S.D. No. 2752	1,923,120 \$ 278,386	1,975,152 \$ 269,598	1,898,400 \$ 235,683	1,716,000 \$ 221,436
Wastewater Treatment Plant	1,334,277 \$ 110,211	1,343,012 \$ 89,310	1,343,042 \$ 89,312	1,334,830 \$ 97,676
Water Treatment Plant	1,262,100 \$ 104,249	1,337,156 \$ 88,921	1,413,316 \$ 93,986	1,390,800 \$ 92,491

Table 25

		Fiscal Year					
	2020	2019	2018	2017	2016	2015	
	17,873,323	17,836,756	18,089,301	17,322,061	16,131,520	14,158,043	
\$	1,697,329	\$ 1,697,329	\$ 1,695,401	\$ 1,630,297	\$ 1,440,743	\$ 1,210,805	
	7,091,111	7,410,947	8,254,355	8,787,746	9,002,036	8,211,144	
\$	691,536	\$ 715,857	\$ 778,448	\$ 825,014	\$ 798,762	\$ 701,501	
	518,400	480,000	447,600	456,000	486,300	518,400	
\$	61,315	\$ 55,111	\$ 50,090	\$ 50,748	\$ 50,089	\$ 50,927	
	8,356,000	6,939,000	5,780,000	6,569,000	5,490,000	6,089,000	
\$	780,181	\$ 671,093	\$ 578,682	\$ 648,024	\$ 534,868	\$ 567,118	
	4,148,523	5,025,564	5,421,726	5,373,396	5,655,123	5,418,081	
\$	439,942	\$ 508,736	\$ 550,597	\$ 544,844	\$ 549,562	\$ 518,706	
	1,181,904	1,189,792	1,243,206	1,211,071	1,279,500	1,339,479	
\$	78,803	\$ 109,971	\$ 115,007	\$ 113,631	\$ 144,365	\$ 117,101	
	566,500	650,500	889,250	925,500	986,250	1,123,000	
\$	60,141	\$ 65,981	\$ 93,224	\$ 95,098	\$ 100,484	\$ 108,445	
	1,289,750	1,526,500	1,472,250	1,351,500	1,425,750	1,443,250	
\$	129,242	\$ 150,514	\$ 146,828	\$ 135,959	\$ 135,194	\$ 134,459	
	683,680	752,120	832,680	801,360	917,255	1,044,880	
\$	45,584	\$ 80,286	\$ 87,720	\$ 84,918	\$ 92,316	\$ 103,581	
	2,580,800	2,687,600	2,736,800	2,744,800	2,810,400	2,756,800	
\$	239,858	\$ 248,140	\$ 253,234	\$ 251,410	\$ 247,622	\$ 234,366	
	5,046,840	5,338,800	5,665,680	5,841,720	5,881,320	5,660,120	
\$	457,704	\$ 483,978	\$ 509,622	\$ 526,569	\$ 496,713	\$ 460,842	
	2,515,600	2,736,400	3,370,000	3,604,400	3,431,200	3,110,800	
\$	251,392	\$ 274,293	\$ 322,079	\$ 338,028	\$ 304,944	\$ 264,077	
	5,939,760	6,001,047	6,107,877	5,634,855	6,276,600	6,192,900	
\$	394,268	\$ 458,907	\$ 557,391	\$ 529,624	\$ 552,693	\$ 537,020	
	1,437,600	1,689,600	1,833,600	1,973,800	2,023,200	1,980,000	
\$	208,806	\$ 239,758	\$ 257,019	\$ 266,275	\$ 262,645	\$ 247,891	
	1,365,648	1,404,052	1,422,302	1,350,010	1,287,238	1,401,166	
\$	90,816	\$ 93,502	\$ 94,576	\$ 85,786	\$ 85,601	\$ 93,178	
	1,388,800	1,382,000	1,398,400	1,370,000	1,423,200	1,391,200	
\$	92,355	\$ 91,903	\$ 92,994	\$ 91,105	\$ 94,643	\$ 92,515	

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

Table 26

<u>2024</u>	<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>
Net Raw Water	524,218,190	100.0 %			
Used in Production	<u>14,515,140</u>	<u>2.8</u>			
Net Finished Water	509,703,050	97.2			
Loss in Distribution System (including hydrant)	<u>67,577,369</u>	<u>12.9</u>			
 Total Sales	 <u>442,125,681</u>	 <u>84.3</u>	 \$ 5,990,830	 \$ 13.55	 4,510
 <u>2023</u>					
Net Raw Water	541,090,420	100.0 %			
Used in Production	<u>16,728,606</u>	<u>3.1</u>			
Net Finished Water	524,361,814	96.9			
Loss in Distribution System (including hydrant)	<u>91,108,191</u>	<u>16.8</u>			
 Total Sales	 <u>433,253,623</u>	 <u>80.1</u>	 \$ 5,387,771	 \$ 12.44	 4,516
 <u>2022</u>					
Net Raw Water	503,546,468	100.0 %			
Used in Production	<u>22,916,800</u>	<u>4.6</u>			
Net Finished Water	480,629,668	95.4			
Loss in Distribution System (including hydrant)	<u>65,829,393</u>	<u>13.1</u>			
 Total Sales	 <u>414,800,275</u>	 <u>82.3</u>	 \$ 4,736,158	 \$ 11.42	 4,487
 <u>2021</u>					
Net Raw Water	495,153,090	100.0 %			
Used in Production	<u>23,223,892</u>	<u>4.7</u>			
Net Finished Water	471,929,198	95.3			
Loss in Distribution System (including hydrant)	<u>82,604,374</u>	<u>16.7</u>			
 Total Sales	 <u>389,324,824</u>	 <u>78.6</u>	 \$ 3,976,735	 \$ 10.21	 4,501
 <u>2020</u>					
Net Raw Water	439,432,276	100.0 %			
Used in Production	<u>20,710,024</u>	<u>4.7</u>			
Net Finished Water	418,722,252	95.3			
Loss in Distribution System (including hydrant)	<u>84,104,803</u>	<u>19.1</u>			
 Total Sales	 <u>334,617,449</u>	 <u>76.2</u>	 3,155,002	 \$ 9.43	 4,449
 <u>2019</u>					
Net Raw Water	440,623,633	100.0 %			
Used in Production	<u>22,290,892</u>	<u>5.1</u>			
Net Finished Water	418,332,741	94.9			
Loss in Distribution System (including hydrant)	<u>72,701,553</u>	<u>16.5</u>			
 Total Sales	 <u>345,631,188</u>	 <u>78.4</u>	 3,161,600	 \$ 9.15	 4,433

**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>2018</u>					
Net Raw Water	449,645,802	100.0 %			
Used in Production	<u>21,425,416</u>	<u>4.8</u>			
Net Finished Water	428,220,386	95.2			
Loss in Distribution System (including hydrant)	<u>68,364,481</u>	<u>15.2</u>			
Total Sales	<u>359,855,905</u>	<u>80.0</u>	3,142,304	\$ 8.73	4,433
<u>2017</u>					
Net Raw Water	437,145,408	100.0 %			
Used in Production	<u>19,805,380</u>	<u>4.5</u>			
Net Finished Water	417,340,028	95.5			
Loss in Distribution System (including hydrant)	<u>45,650,046</u>	<u>10.4</u>			
Total Sales	<u>371,689,982</u>	<u>85.1</u>	3,090,598	\$ 8.31	4,426
<u>2016</u>					
Net Raw Water	454,363,595	100.0 %			
Used in Production	<u>18,179,916</u>	<u>4.0</u>			
Net Finished Water	436,183,679	96.0			
Loss in Distribution System (including hydrant)	<u>60,468,422</u>	<u>13.3</u>			
Total Sales	<u>375,715,257</u>	<u>82.7</u>	3,121,434	\$ 8.31	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>15.3</u>			
Total Sales	<u>367,127,159</u>	<u>82.9</u>	\$ 2,942,808	\$ 8.02	4,423

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

Table 27

Year	Filtration Cost Per M Gallons	Distribution Cost Per M Gallons	Administrative Cost Per M Gallons	Depreciation Cost Per M Gallons	Total Operating Expenses Per M Gallons	Water Finished Billed	Cost Per M Gallons Billed
2024	\$ 1,664,255 3.2651	\$ 695,214 1.3640	\$ 212,505 0.4169	\$ 1,068,543 2.0964	\$ 3,640,517 7.1424	509,703,050 442,125,681	\$ 8.23
2023	1,922,552 3.6665	727,415 1.3872	193,499 0.3690	1,070,676 2.0419	3,914,142 7.4646	524,361,814 433,253,623	9.03
2022	2,144,626 4.4621	650,582 1.3536	194,686 0.4051	1,008,609 2.0985	3,998,503 8.3193	480,629,668 414,800,275	9.64
2021	2,923,257 6.1943	735,469 1.5584	181,335 0.3842	971,831 2.0593	4,811,892 10.1962	471,929,198 389,324,824	12.36
2020	1,090,886 2.6053	652,320 1.5579	456,204 1.0895	964,409 2.3032	3,163,819 7.5559	418,722,252 334,617,449	9.46
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	8.78
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	8.46
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	7.96
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	7.92
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	7.35

**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
2024	675,390	\$ 1,251,665 1.8532	\$ 303,059 0.4487	\$ 138,434 0.2050	\$ 767,650 1.1366	\$ 2,460,808 3.6435	1,260,000 11,400,000
2023	559,190	1,131,432 2.0233	376,394 0.6731	125,740 0.2249	736,057 1.3163	2,369,623 4.2376	1,020,000 4,580,000
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