

Council Work Session  
June 7, 2021

The Fergus Falls City Council held a work session on Monday June 7, 2021 at 4:30 pm in the City Council Chambers to hear the 2020 audit presentation. Mayor Schierer called the work session to order at 4:30 pm. Council members in attendance at the start of the meeting were Gustafson, Fish, Hagberg, Kvamme, Rufer, and Thompson. Hicks and Arneson arrived at various times during the meeting.

Nancy Schultzenberg of berganKDV reviewed the city's 2020 financial statements. The city's General Fund balance is \$10,185,580, an increase of \$1,526,895 over 2019. General Fund revenues total \$12,465,428, an increase of 11.1%, while expenditures total \$12,928,808, an increase of 7.8%. The revenue increase was due to the receipt of federal CARES funding and an increase in Local Government Aid. Tax revenue also increased by \$101,732 due to an increase in the property tax levy. Increases in the General Fund expenditures were attributed to emergency management during the pandemic and the spending of federal CARES funding. Recreation expenditures decreased to the lack of programming and staffing during COVID-19. In total, the General Fund expenditures were \$2,640,675 or 17% under budget. The city's budget practices reduced the need for debt issuance for significant capital expenditures.

Each of the city's enterprise funds were reviewed. The operating income within the Waste Management Fund increased \$242,834 (7.5%) due to higher usage at the landfill, rate increases and a severance payout. The Sewer Disposal Fund saw a decrease in operating revenue of \$150,858 (6.1%) due to additional leachate treatment, while operating expenses increased \$7,121 (0.4%). Operating revenue in the Water Department Fund increased \$153,300 (6.3%) as a result of increased rates. Operating expenses decreased \$62,631 (3.6%) due to allocations in the city's share of PERA net pension liability. Operating revenues continue to increase in the Storm Water Fund. A \$50,979 (8.6%) increase is attributed to an increase in rates and the number of accounts. Operating expenses increased \$11,778 (2.8%) due to an increase in professional fees. Sales for the liquor stores have increased each of the past five years. The 2020 sales increased \$1,263,691 (20%) and the cost of sales has increased \$848,445 (19.2%) Operating expenses increased \$79,454 (7%) due to increased staffing needs. 2020 operating income totaled \$1,080,719. The city transferred \$603,530 to the General Fund to reduce city property taxes. The gross profits at the west store were \$1,737,076 and \$561,940 at the east store.

The city's tax capacity rate in 2020 was 58.25%. The certified tax levy was \$6,604,780 and the net taxable tax capacity was \$11,304,739. The city's net position increased \$6,196,862 (4.8%) across all categories from the previous year. A number of council questions were addressed about the liquor stores operations, the unknown effects of COVID as we come back into normal operations, the increase in interest earnings due to market value growth and the money that passes through the city's funds, especially with the airport, the CARES funding and the dairy clean-up grants.

Hagberg offered **Resolution #101-2021** accepting the city's 2020 financial audit statements, which was seconded by Fish and was adopted. The meeting adjourned at 4:59 pm.

*Lynne Olson*