



**ANNUAL
COMPREHENSIVE
FINANCIAL
REPORT**

2021

For Fiscal Year Ended
December 31

2021





CITY OF FERGUS FALLS, MINNESOTA

Annual Comprehensive Financial Report For the Fiscal Year Ended December 31, 2021

Prepared by:

Department of Finance

Finance Director:

William K. Sonmor

CITY OF FERGUS FALLS
Annual Comprehensive Financial Report
For the Fiscal Year Ended December 31, 2021
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May 24, 2022

The Citizens of the City of Fergus Falls
Honorable Mayor and Members of the City Council
City of Fergus Falls
Fergus Falls, Minnesota

The Annual Comprehensive Financial Report of the City of Fergus Falls for the fiscal year ended December 31, 2021, is hereby submitted as mandated by local ordinance and State statute. Such mandates require that the City of Fergus Falls issue, annually, a complete set of financial statements presented in conformity with United States Generally Accepted Accounting Principles (GAAP) and audited in accordance with United States Generally Accepted Auditing Standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Fergus Falls. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Fergus Falls has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Fergus Falls' financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Fergus Falls' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Fergus Falls' financial statements have been audited by BerganKDV, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Fergus Falls for the fiscal year ended December 31, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Fergus Falls' financial statements for the fiscal year ended December 31, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (M D & A). This letter of transmittal is designed to complement M D & A and should be read in

conjunction with it. The City of Fergus Falls' M D & A can be found immediately following the report of the independent auditors.

Profile of the City

The City of Fergus Falls was organized as a municipal corporation in 1872 and operates under a Home Rule Charter. The Charter prescribes a Mayor-Council form of government. The Council exercises the legislative powers of the City and determines all matters of policy. The City code mandates a four-year term for the Mayor and four-year terms for the eight Council Members. Two Council Members are elected from each of four wards and the Mayor is elected by the voters of the City at large.

The City Administrator is the chief administrative officer of the City and is responsible for performing all administrative functions of the City, for carrying out the policies and ordinances of the Council, and for overseeing the day-to-day operations of the City.

The City of Fergus Falls is the county seat of Otter Tail County and is located in West Central Minnesota on Interstate Highway 94. Noted for the natural beauty of its trees and parks, the City is situated on the Otter Tail River and has 6 lakes and 29 parks within its boundaries. The City is approximately 15.74 square miles and has a population of 14,119.

The City of Fergus Falls provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events. Certain sanitation services are provided through the City's Waste Management, Sewage Disposal, Water Department, and Storm Water operations. The City of Fergus Falls is also financially accountable for two legally separate non-profit organizations, which are reported separately with the City of Fergus Falls' financial statements. Additional information regarding the legally separate entities can be found in Note 1A, in the notes to the financial statements.

The City of Fergus Falls is a regional center for government, business and retail trade, medical care, education, culture, and recreation. It is the home of the Otter Tail Power Company, Lake Region Healthcare Corporation, Prairie Wetlands Learning Center, M-State, and A Center for the Arts.

The City established the Fergus Falls Port Authority in 1985 as the economic development arm of the City responsible for the monitoring of existing businesses and providing assistance for expansion, as well as development of new business and industry opportunities. The City contracts with the Greater Fergus Falls Corporation to promote the economic development of the City.

The annual budget serves as the foundation of the City of Fergus Falls' financial planning and control. All departments of the City of Fergus Falls are required to submit requests for appropriations to the City Finance Director by July 1 of each year. The Finance Director uses these requests as a starting point for developing a proposed budget. The proposed budget is then submitted to a tax levy committee composed of the Mayor, City Administrator, and a member of the City Council appointed by the City Council. The tax levy committee then recommends a proposed budget to the City Council for approval prior to September 30. Public meetings are held to obtain taxpayer input and a final budget is adopted by the City Council and certified to

the County Auditor prior to December 31, the close of the City of Fergus Falls' fiscal year. The appropriated budget is prepared on a fund and department basis. Department heads of the City may make budgetary transfers between line items within departmental budgets. Transfers of appropriations between departments, however, require the approval of the City Council. Budgets were adopted for the following funds: General fund; the Port Authority, Public Library, Bigwood Event Center, Revolving Loan, Tax Increment districts, and Tax Abatement special revenue funds; the G.O. Port Authority 2019A, Permanent Improvement Revolving, G.O. Capital Improvement 2010A, G.O. Capital Improvement 2012C, G.O. Sales Tax Revenue 2017A, and G.O. Equipment Certificates 2020A debt service funds; and Operations and Airport Capital Improvement capital projects funds. Budget-to-actual comparisons are provided in this report for each individual city fund for which an appropriated annual budget has been adopted. For the General fund and Port Authority special revenue fund, this comparison is presented on pages 40 - 41 as part of the basic financial statements for the governmental funds. For governmental funds, in addition to the General fund and Port Authority special revenue fund, with appropriated annual budgets, this comparison is presented in the governmental fund section of this report, which starts on page 136.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Fergus Falls operates.

State of Minnesota. According to the February 2022 Minnesota Budget and Economic Forecast, the Minnesota budget and economic outlook remains positive. A forecast improvement of \$1.507 billion for the current biennium leads to a projected Minnesota General Fund surplus of \$9.253 billion for FY 2022-23. Forecasted higher income, consumer spending, and corporate profit results in an improved revenue projection. The forecast also reports a decrease in expenditures. There is uncertainty however, due to inflation and geopolitical conflict, which pose risk to the budget and economic outlook.

Local economy. The City of Fergus Falls continues to experience economic growth during 2021 and into 2022. The housing market is strong for both existing homes and new construction. Housing sale prices are high and property values continue to increase. Area businesses that were impacted by the pandemic during 2020 have reopened and continue to recover.

Over the past few years, the City has experienced a downturn and loss of traditional big-box retail stores. The local economy contains a diversified economic base, consisting of industries and services, including several smaller in size, which are able to withstand economic downturns. The City contains a balanced mix of businesses, which reduces the risk of concentration within sectors. Major industries with headquarters or divisions located within the City's boundaries include healthcare, electric and natural gas utilities, various manufacturers, and numerous financial, insurance, and legal professionals. The City of Fergus Falls is a regional center, the county seat for Otter Tail County, and the home to various State and Federal offices. The City is seeing increased interest in the central business district, building on the current variety of stores, specialty shops and commercial businesses.

According to the MN Department of Employment and Economic Development, the City of Fergus Falls has a total employment of approximately 9,406 jobs and an annual average 2021

unemployment rate of 3.50 percent as compared to 3.40 percent for the State of Minnesota and 5.30 percent for the United States. The labor force draws workers from up to 75 miles from Fergus Falls.

Long-term financial planning. The City performs long-range financial planning with the annual budget process. The long-range plans include governmental-type and business-type activities. The City considers current operations, estimated inflation, expected growth trends, and estimated capital improvements. The long-range planning process enables the City to project future needs and to estimate the financial impact and funding implication for future years. Annually, the City analyzes all enterprise operations and implements applicable rate adjustments to maintain profitability. The goal of the analysis is to maintain fair and equitable rates, which provide stability of operations and support all required capital improvements.

Financial policies. The City's fund balance policy recommends the General fund maintain an unassigned fund balance of 35.00-40.00 percent of the subsequent year's budgeted working capital expenditures. The unassigned fund balance is \$6,553,239 as of December 31, 2021. This amount represents 50.69 percent of the 2022 budgeted working capital expenditures.

Major initiatives.

The City Council has prioritized and continues to invest in the following:

- Fergus Falls is fortunate to have the Otter Tail River running directly through the City. The City Council desires to invest in, and revitalize the downtown area while capitalizing on the river as an economic driver. The City has designed improvements to the downtown riverfront corridor. During 2021, construction began on the first phase of the project. Phase 1 includes a 3-season river market structure, parking lot improvements, a plaza area, trails, and balconies overlooking the river. The City is evaluating plans for the second phase. The City was awarded \$1.75 million by the State of Minnesota during the 2020 Legislative Session for this project. Various donors have also pledged funds to the project.
- The City and Fergus Falls Port Authority worked cooperatively to purchase a former dairy processing site located along the Otter Tail River. Demolition and site cleanup was completed during 2021, which prepared the site for development. An area along the river will be preserved and developed into a trail system providing connectivity to the downtown riverfront improvements as well as State and regional trails.
- The City Council has prioritized infrastructure and has implemented a 10.00 percent increase to the street overlay and seal coat budgets for 2022.
- Various reconstruction projects to streets and infrastructure were completed or in progress during 2021. Scheduled equipment within the City's fleet is replaced on an annual basis. During 2022, the City will also be constructing street improvements to Union Avenue and Lincoln Avenue.

The City obtained ownership of the Regional Treatment Center campus from the State of Minnesota effective June 30, 2007. Two parcels of the campus have been sold to a developer from the region. The developer has been remodeling the buildings for market-rate multi-family housing and assisted living facilities. During 2018, 2019, and 2020, the City deconstructed buildings and tunnels that did not contribute to the historic significance of the campus. The City continues to market the remaining facility with the goal of future redevelopment.

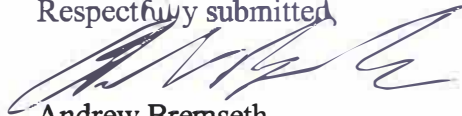
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fergus Falls for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2020. This was the 30th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. Members of the department have our sincere appreciation for their contributions to, and assistance in, the preparation of this report. Credit must also be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Fergus Falls' finances.

Respectfully submitted,



Andrew Bremseth
City Administrator



Bill Sonmor
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Fergus Falls
Minnesota**

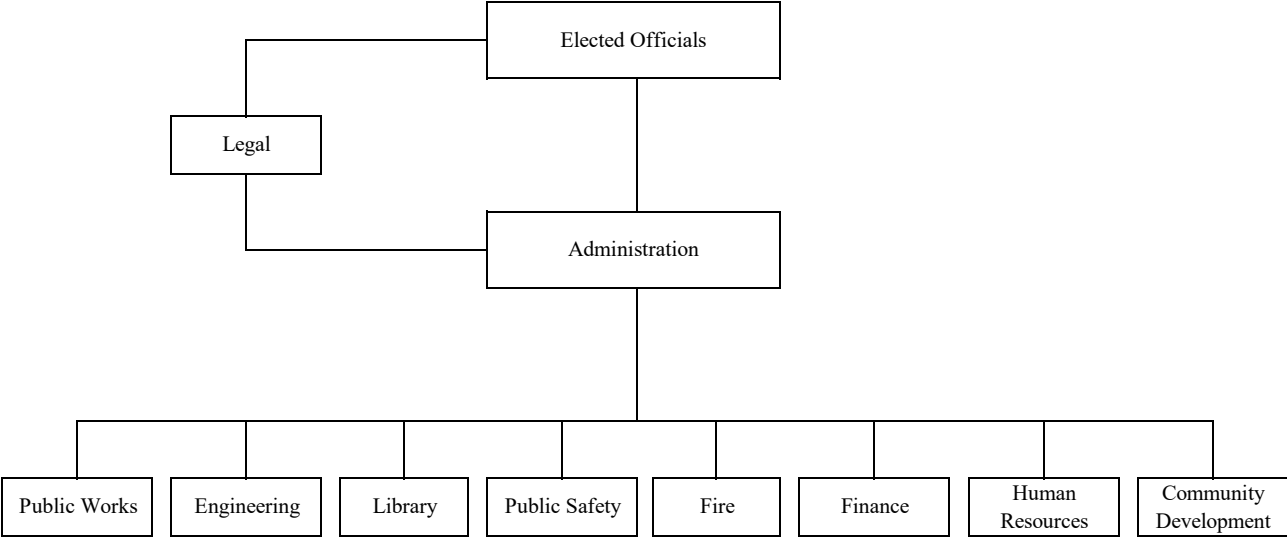
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

CITY OF FERGUS FALLS ORGANIZATIONAL CHART



CITY OF FERGUS FALLS
List of Principal Officials

Elected Officials

Mayor	Ben Schierer
Council Member – Ward 1	Jim Fish
Council Member – Ward 1	Krista Hagberg
Council Member – Ward 2	Scott Kvamme
Council Member – Ward 2	Tom Rufer
Council Member – Ward 3	Justin Arneson
Council Member – Ward 3	Brent Thompson
Council Member – Ward 4	Karoline Gustafson
Council Member – Ward 4	Anthony Hicks

Appointed Officials

City Administrator	Andrew Bremseth
Assistant to Administrator	Lynne Olson
Finance Director	William Sonmor
Assistant Finance Director	Sandy Cunningham
City Engineer	Brian Yavarow
Public Works Director	Len Taylor
Chief of Public Safety	Kile Bergren
Chief of Fire Department	Ryan Muchow
Human Resources Director	Mike Hartwell
Library Director	Gail Hedstrom
City Attorney	Rolf Nycklemoe

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Fergus Falls
Fergus Falls, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City of Fergus Falls as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise City of Fergus Falls' basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City of Fergus Falls, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund and the Port Authority Special Revenue 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 Fergus Falls 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 Fergus Falls'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 City of Fergus Falls' ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 Fergus Falls' basic financial statements. The individual fund schedules and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

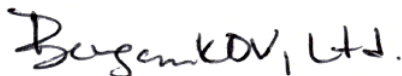
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2022, on our consideration of the City of Fergus Falls' 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 of Fergus Falls' internal control over financial reporting and compliance.



St. Cloud, Minnesota
May 24, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Fergus Falls, Minnesota, we offer readers of the City of Fergus Falls' financial statements this narrative overview and analysis of the financial activities of the City of Fergus Falls for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 5 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City of Fergus Falls exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$143 million. Of this amount, \$38.4 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$6.9 million.
- As of the close of the current fiscal year, the City of Fergus Falls' governmental funds reported combined ending fund balances of \$24.3 million. Approximately 63.62 percent of this total amount, or \$15.4 million, is available for spending at the City's direction and per policies.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$6.6 million, or 50.28 percent of total General fund expenditures.
- The City of Fergus Falls' total debt decreased by \$397,545 from 2020 to 2021. The Fergus Falls Port Authority issued bonds during 2021 and the City and the Fergus Falls Port Authority paid annual principal payments on long-term debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Fergus Falls' basic financial statements. The City of Fergus Falls' 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 supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Fergus Falls' finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Fergus Falls' 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 of Fergus Falls 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 of Fergus Falls that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Fergus Falls include general

government, public safety, streets and highways, sanitation, airport, culture and recreation, community development, economic development and interest on long-term debt. The business-type activities of the City of Fergus Falls include Waste Management, Liquor Store, Sewage Disposal, Water Department and Storm Water operations.

The government-wide financial statements include not only the City of Fergus Falls itself (known as the primary government), but also legally separate nonprofit organizations for which the City of Fergus Falls is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 28 - 31 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 of Fergus Falls, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Fergus Falls 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 the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a city's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Fergus Falls maintains twenty-four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Port Authority special revenue fund, the G.O. Port Authority 2019A debt service fund, and the Operations capital projects fund, all of which are considered to be major funds. Data from the other twenty governmental funds are combined into a single, aggregated presentation. Individual data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Fergus Falls adopts an annual appropriated budget for its General fund and the Port Authority special revenue fund. Budgetary comparison statements have been provided for the General fund and Port Authority special revenue fund to demonstrate compliance with the individual fund budgets.

The basic governmental fund financial statements can be found on pages 32 - 41 of this report.

Proprietary funds. The City of Fergus Falls 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 of Fergus Falls uses enterprise funds to account for its Waste Management,

Liquor Store, Sewage Disposal, Water Department, and Storm Water operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Fergus Falls' various functions. The City of Fergus Falls uses internal service funds to account for its fleet of vehicles and for its health insurance premiums. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental 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 the Waste Management, Liquor Store, Sewage Disposal, Water Department, and Storm Water operations, all of which are considered to be major funds of the City of Fergus Falls. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 42 - 51 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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 Fergus Falls' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Individual fund data for the fiduciary funds are provided in the form of combining statements elsewhere in this report. The basic fiduciary fund financial statement can be found on pages 52 - 53 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 54 - 106 of this report.

Other information. Required supplementary information regarding the postemployment healthcare plan and pensions can be found on pages 109 - 122 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, and fiduciary funds are presented immediately following the notes to the financial statements and required supplementary information. Combining and individual fund statements and schedules can be found on pages 124 - 161 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a city's financial position. In the case of the City of Fergus Falls, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$143,164,368 at the close of the most recent fiscal year.

City of Fergus Falls' Net Position

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$36,734,533	\$33,586,915	\$29,395,789	\$28,421,174	\$66,130,322	\$62,008,089
Capital assets	77,304,135	74,225,413	36,653,701	36,990,582	113,957,836	111,215,995
Total assets	114,038,668	107,812,328	66,049,490	65,411,756	180,088,158	173,224,084
Deferred outflows of resources	4,218,063	1,703,691	953,682	165,106	5,171,745	1,868,797
Long-term liabilities outstanding	19,346,392	21,539,655	7,917,737	9,011,412	27,264,129	30,551,067
Other liabilities	3,039,608	2,619,674	647,493	562,480	3,687,101	3,182,154
Total liabilities	22,386,000	24,159,329	8,565,230	9,573,892	30,951,230	33,733,221
Deferred inflows of resources	9,756,986	4,953,562	1,387,319	131,848	11,144,305	5,085,410
Net position:						
Net investment in						
capital assets	63,181,816	61,241,331	31,558,733	31,732,617	94,026,581	92,973,948
Restricted	8,551,623	8,420,628	2,157,565	2,261,802	10,709,188	10,682,430
Unrestricted	14,380,306	10,741,169	23,334,325	21,876,703	38,428,599	32,617,872
Total net position	\$86,113,745	\$80,403,128	\$57,050,623	\$55,871,122	\$143,164,368	\$136,274,250

By far the largest portion of the City of Fergus Falls' net position (65.68 percent) reflects its investment in capital assets (e.g., land, intangible assets, buildings and systems, improvements other than buildings, machinery and equipment, and infrastructure; net of depreciation); less any related debt, used to acquire those assets, that is still outstanding. The City of Fergus Falls uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Fergus Falls' 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.

An additional portion of the City of Fergus Falls' net position (7.48 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$38.4 million, may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City of Fergus Falls is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's net position increased by \$6.9 million during the current fiscal year. This increase resulted from the receipt of capital grants for street infrastructure, airport improvements, park improvements and the downtown riverfront corridor. The City's investment portfolio experienced negative investment earnings resulting from increasing interest rates in the market. The business-type activities also experienced profitability, which contributed to the increase in net position.

Governmental activities. Governmental activities increased the City of Fergus Falls' net position by \$5,710,617. Explanations regarding the increase and significant changes in governmental activities were as follows:

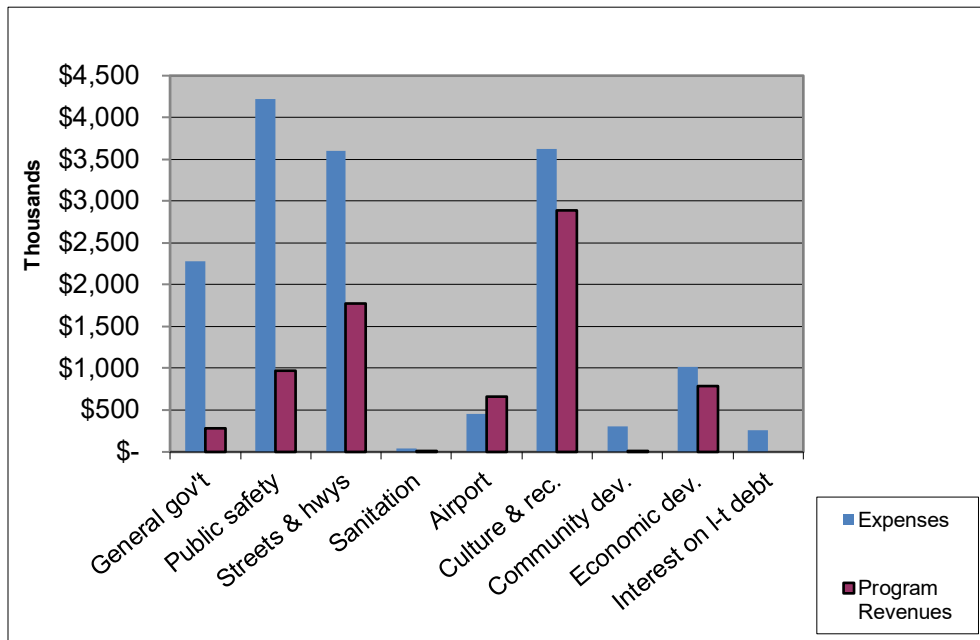
- Charges for services increased \$191,000 from 2020. Building permit revenue increased over 2020 and the City managed the airport on an interim basis, resulting in increased fuel sales. The recreation fees also rebounded as programs were operational after the COVID-19 pandemic.

- The operating grants decreased 35.00 percent from 2020. The City recognized \$213,000 of American Rescue Plan Act (ARPA) funds during 2021 as compared to \$1,035,703 from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds in 2020. The public safety expenditures decreased in relation to the decreased grants.
- The capital grants increased \$1.1 million from 2020 to 2021. The State of Minnesota awarded the City funds from State bonding (\$1.75 million) and LCCMR (\$600,000) for the construction of improvements to the downtown riverfront corridor. The City recognized \$1.3 million of these funding sources during 2021. The City also received State aid of \$684,000 for the Union Avenue reconstruction project.
- The City maintained the property tax levy of \$6.6 million from 2020 to 2021. Due to the effects of the pandemic, the City did not increase the property tax levy.
- The local option sales tax collections have increased each year since the implementation in 2018.
- The City experienced a significant decrease in lodging tax collections during 2020 due to the pandemic. During 2021, the collections rebounded to the pre-pandemic levels. The corresponding Community Development expenditures also returned to pre-pandemic levels, as the lodging tax is paid over to the Fergus Falls Convention and Visitor's Bureau.
- Tax increment revenue decreased 8.50 percent from 2020 to 2021. The City decertified Tax Increment Districts 4-8 and 8-1.
- The City experienced negative investment earnings for the governmental-type activities totaling (\$95,456). The investment portfolio earned a negative return of (.57) percent including a decrease in fair value of (\$921,734) during 2021. During 2020 the investment portfolio earned a return of 5.60 percent including an increase in fair value of \$876,662.
- The public safety expenditures decreased as the expenditures related to the CARES Act were incurred during 2020.
- The streets and highways expenses decreased from 2020 to 2021. The City performed fewer bituminous overlay projects and no seal coat projects during 2021.
- Culture and recreation expenditures were higher in 2021 compared to 2020. The City operated all recreation programs during 2021 after canceling most 2020 recreation programs due to the pandemic.
- The interest on long-term debt decreased in 2021 after refunding several bonds in 2020 and making the scheduled principal payments on outstanding debt.
- The City transferred funds from the business-type activities to the governmental activities to provide funding for various operating and capital expenditures. The City transferred an additional \$400,000 from the Liquor Store to the Operations capital projects fund for improvements to the downtown riverfront corridor.

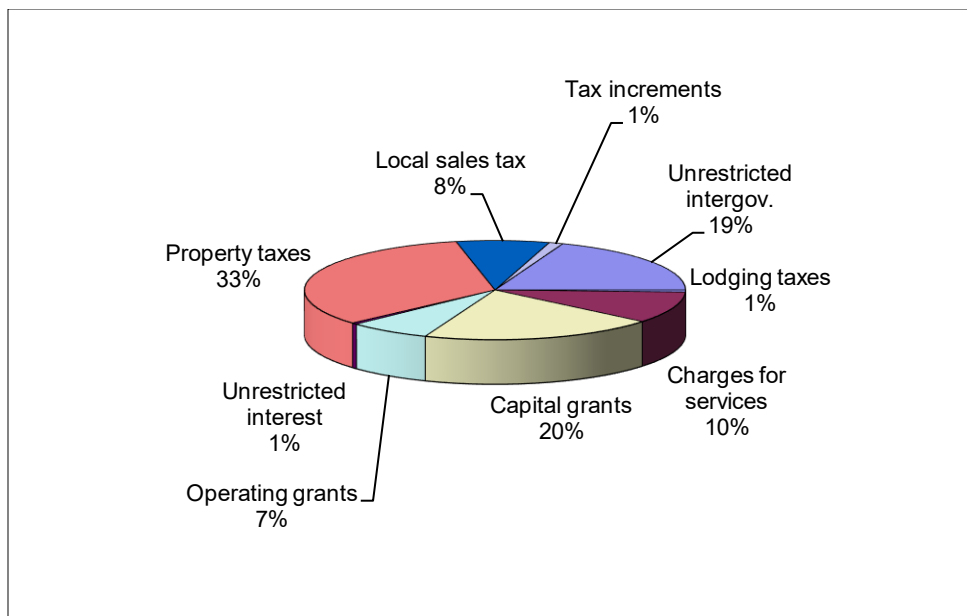
City of Fergus Falls' Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$2,036,980	\$1,846,299	\$16,586,383	\$16,621,580	\$18,623,363	\$18,467,879
Operating grants and contributions	1,379,154	2,132,844			1,379,154	2,132,844
Capital grants and contributions	3,950,636	2,865,669			3,950,636	2,865,669
General revenues:						
Property taxes	6,597,663	6,627,148			6,597,663	6,627,148
Local option sales tax	1,560,963	1,430,063			1,560,963	1,430,063
Lodging taxes	138,801	90,992			138,801	90,992
Tax increments	235,289	257,208			235,289	257,208
Intergovernmental	3,801,491	3,765,510			3,801,491	3,765,510
Unrestricted investment earnings	(95,456)	602,071	(155,914)	1,061,379	(251,370)	1,663,450
Gain on sale of capital assets		39,995	35,242		35,242	39,995
Total revenues	\$19,605,521	\$19,657,799	\$16,465,711	\$17,682,959	\$36,071,232	\$37,340,758
Expenses:						
General government	\$2,278,776	\$2,367,778			\$2,278,776	\$2,367,778
Public safety	4,223,211	5,390,190			4,223,211	5,390,190
Streets and highways	3,604,589	3,947,363			3,604,589	3,947,363
Sanitation	39,876	43,650			39,876	43,650
Airport	455,053	401,828			455,053	401,828
Culture and recreation	3,619,536	3,354,503			3,619,536	3,354,503
Community development	303,216	263,089			303,216	263,089
Economic development	1,011,599	1,219,034			1,011,599	1,219,034
Interest on long-term debt	258,834	470,878			258,834	470,878
Waste Management			3,050,271	3,141,171	3,050,271	3,141,171
Liquor Store			6,236,844	6,488,734	6,236,844	6,488,734
Sewage Disposal			1,891,615	1,883,245	1,891,615	1,883,245
Water Department			1,802,895	1,733,887	1,802,895	1,733,887
Storm Water			404,799	438,546	404,799	438,546
Total expenses	\$15,794,690	\$17,458,313	\$13,386,424	\$13,685,583	\$29,181,114	\$31,143,896
Increase (decrease) in net position						
before transfers	\$3,810,831	\$2,199,486	\$3,079,287	\$3,997,376	\$6,890,118	\$6,196,862
Transfers	1,899,786	1,551,009	(1,899,786)	(1,551,009)		
Increase (decrease) in net position	\$5,710,617	\$3,750,495	\$1,179,501	\$2,446,367	\$6,890,118	\$6,196,862
Net position - 01-01-21	80,403,128	76,652,633	55,871,122	53,424,755	136,274,250	130,077,388
Net position - 12-31-21	\$86,113,745	\$80,403,128	\$57,050,623	\$55,871,122	\$143,164,368	\$136,274,250

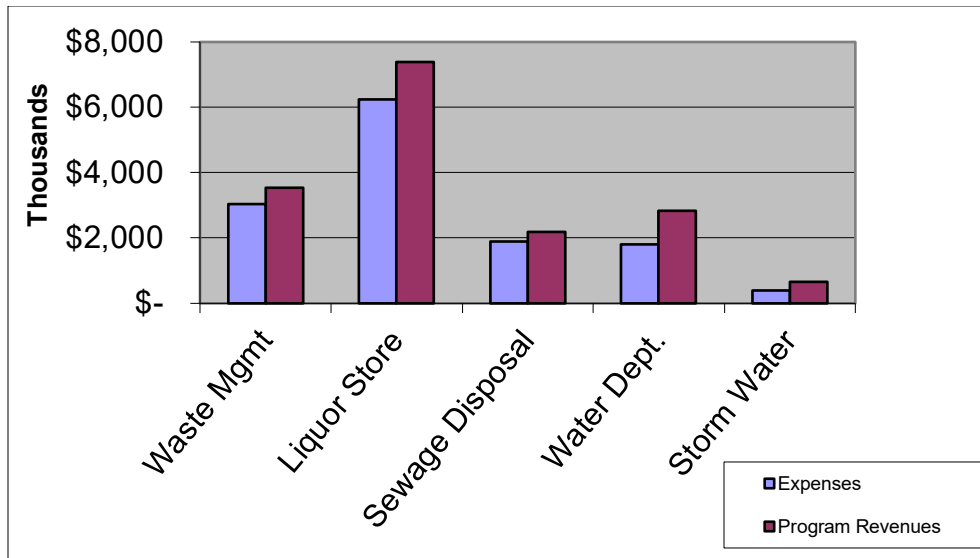
Expenses and Program Revenues – Governmental activities



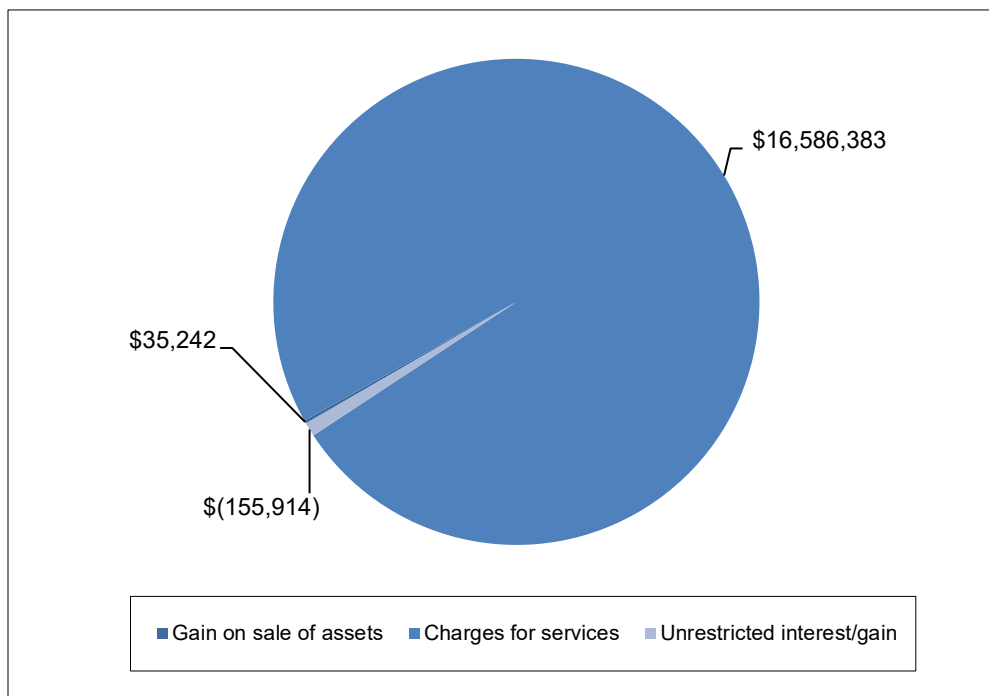
Revenues by Source – Governmental activities



Expenses and Program Revenues – Business-type activities



Revenue by Source – Business-type activities



Business-type activities. Business-type activities increased the City of Fergus Falls' net position by \$1,179,501 for the current fiscal year. Significant changes in business-type activities were as follows:

- The charges for services decreased (\$35,197) from 2020 to 2021. The City did not adjust utility rates for 2021 in response to the impact of the pandemic on residents and businesses. Due to the pandemic, the Liquor Store sales had increased about 20.00 percent in 2020 and then returned to levels that are more normal in 2021.
- The City experienced negative investment earnings for the business-type activities totaling (\$155,914). The investment portfolio earned a negative return of (.57) percent including a decrease in fair value of (\$921,734) during 2021. During 2020, the investment portfolio earned a return of 5.60 percent including an increase in fair value of \$876,662.
- The Liquor Store experienced higher sales during 2020, which caused an increase in the cost of goods sold as well as some operating expenses. During 2021, the Liquor Store sales and cost of goods sold returned to levels that are more normal.
- The 2021 expenses for the business-type activities were comparable to the prior year with some inflation in operating costs.

Financial Analysis of the Government's Funds

As noted earlier, the City of Fergus Falls uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Fergus Falls' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Fergus Falls' financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a city's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Fergus Falls' governmental funds reported combined ending fund balances of \$24,251,475, an increase of \$2,094,611, in comparison with the prior year. Approximately \$6.6 million or 27.02 percent of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is categorized according to availability and restriction. See Note 3 on page 75 for the detailed information regarding fund balances. Approximately 1.04 percent or \$251,229 of the total fund balance is classified as nonspendable, representing resources that are not in spendable form or are legally or contractually required to be maintained intact. Approximately 35.35 percent or \$8,752,200 of the total fund balance is classified as restricted to indicate that it is constrained by external sources or enabling legislation. Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council are classified as committed fund balance and comprise 2.57 percent of the total fund balance or \$624,059. Fund balance amounts that are constrained by the City Council's intent are classified as assigned fund balance and comprise 34.02 percent of the total fund balance or \$8,250,748.

The General fund is the chief operating fund of the City of Fergus Falls. At the end of the current fiscal year, unassigned fund balance of the General fund was \$6,553,239, while the total fund balance was \$10,173,173. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to fund expenditures. Unassigned fund balance represents 50.27 percent of the total General fund expenditures, while the total fund balance represents 78.05 percent of that same amount.

The fund balance of the City of Fergus Falls' General fund decreased by (\$12,407) during the current fiscal year. Key factors in this decrease are as follows:

- The investment earnings were (\$53,268) versus the budget of \$170,000 as noted with the performance of the investment portfolio.
- The City issued the G.O. Bonds, Series 2020A which included \$449,903 of proceeds for the purchase of a fire truck to replace Engine No. 2. The bond proceeds were received in 2020, but were expended in 2021, thus decreasing the fund balance in 2021.
- A seal coat project was included in the 2021 budget for \$129,600. The project was not undertaken and the funds will likely be carried forward to 2022.
- Certain amounts of capital outlay and benefits owed included within the 2021 budget were not expended and will be carried forward for future year purchases and benefit payments.

The Port Authority fund had a total fund balance of \$3,369,024 as of December 31, 2021. Of the total fund balance, \$514,518 is restricted for the Community Behavioral Health Hospital (CBHH) operations and capital maintenance. The remaining fund balance of \$2,854,506 is assigned for Port Authority economic development purposes. The net increase in fund balance during the current year was \$818,661. The increase was the result of the issuance of general obligation bonds, federal grant revenues, and transfers in for the demolition and cleanup of the dairy site. The demolition and cleanup expenses are accounted for in the property held for resale as the Port Authority intends to sell the property for future park development and private development.

The G.O. Port Authority 2019A debt service fund was established for the payment of principal and interest on the G.O. Port Authority Bonds, Series 2019A. The fund had a total fund balance of \$42,708 as of December 31, 2021, all of which is restricted for the payment of debt service. The fund balance is the result of unexpended lease payments pledged to the bonds.

The Operations capital projects fund had a total fund balance of \$2,400,472 as of December 31, 2021. Of the total fund balance, \$427,749 is restricted contributions for the library expansion project. The remaining fund balance of \$1,972,723 is assigned for future capital projects and debt service on improvement bonds. The net increase in fund balance during the current year was \$871,736. The increase resulted from the receipt of intergovernmental revenues for future project expenditures.

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

Unrestricted net position for the proprietary funds at the end of the year was as follows:

- Waste Management net position of \$1,158,032.
- Liquor Store net position of \$1,531,823.
- Sewage Disposal net position of \$10,598,834.
- Water Department net position of \$5,731,697.
- Storm Water net position of \$1,907,882.

The total change in net position for proprietary funds was an increase of \$1,039,942. The net increase was the result of positive operations in all proprietary funds, except the Sewage Disposal fund. The Sewage Disposal fund experienced a decrease in revenue from treatment of leachate due to the dry 2021 season. Other factors concerning the finances of the proprietary funds have already been addressed in the discussion of the City of Fergus Falls' business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final budget during 2021 were an increase of \$2,421,993 in appropriations (expenditures and transfers out) and can be briefly summarized as follows:

- \$1,076,722 increase from unexpended 2020 capital outlay carried forward to 2021.
- \$323,706 increase to the transfers out and street infrastructure budgets to provide project funding to the Operations capital projects fund.
- \$307,705 increase to the parks budget for use of donations, additional revenues and fund balance.
- \$126,592 increase to carry forward funding for future payments of benefits owed upon retirements.
- \$157,313 increase for purchase of a mobile performance stage using ARPA funds and donations.
- \$94,751 increase from 2020 unexpended forfeiture funds carried forward to 2021 and a \$25,138 increase for the receipt of 2021 forfeitures.
- \$62,230 increase to the parking lot maintenance budget from the unexpended 2020 budget.
- \$51,031 increase to the ice and snow removal budget from the unexpended 2020 budget.
- \$47,497 increase to the property abatement budget from the unexpended 2020 budget.
- \$47,105 increase to the planning and zoning budget from the unexpended 2020 budget for the hiring of a planner.
- \$36,379 increase to the street maintenance budget for receipt of Federal Coronavirus Response and Relief Supplemental Appropriations Act funds.
- \$15,000 increase to the planning department budget for a Regional Treatment Center master plan.
- A net increase of \$50,824 miscellaneous adjustments for various programs.

When comparing the 2021 actual results with the final budget, variances in revenues and expenditures are noted as follows:

- The lodging tax collections were up 14.71 percent from the budget. The City budgeted conservatively due to the impact of the pandemic. Collections recovered to 2019 levels.
- The City received funds from the ARPA and recognized \$213,000, which was not included within the 2021 budget.
- The City received \$183,000 of unbudgeted intergovernmental State revenues restricted for street maintenance projects. The City anticipated a \$600,000 LCCMR grant within the 2021 budget. The grant will be received in 2022 upon the purchase of a portion of the dairy property by the City from the Port Authority.
- The City received unbudgeted charges for off-season ice rental at the Community Ice Arena.
- The City experienced negative investment earnings of (\$53,268) compared to \$170,000 included in the 2021 budget.
- The City received unbudgeted rental income while managing the municipal airport on an interim basis.
- The City received unbudgeted insurance dividends of \$87,546 from the League of Minnesota Cities.
- The General Government expenditures were under budget as the City carried forward unexpended funds for future payments of benefits owed to employees upon retirement or separation from service.
- The Police Department had officer positions vacant during 2021, which resulted in personnel expenditures less than the 2021 budgeted amounts.
- The City carried forward unexpended property abatement funds to manage property issues.

- Streets and Highways expenditures were under budget as a seal coat project was delayed to 2022 and a smaller overlay project was performed during 2021. Personnel included within the budget for Street Maintenance and Ice and Snow Removal worked in other areas of the City. Net unexpended amounts will be carried forward to 2022.
- The Economic Development expenditures exceeded the budget by \$14,238 because of costs associated with maintenance and holding the Regional Treatment Center property.
- A positive variance was experienced in capital outlay, which will be carried forward to future budgets. The City accumulates capital outlay funds over a number of years as a saving mechanism to provide funding for anticipated projects.
- The City transferred \$92,000 of ARPA funds to other funds for qualified purposes.

Capital Asset and Debt Administration

Capital assets. The City of Fergus Falls' investment in capital assets for its governmental and business-type activities as of December 31, 2021, amounts to \$113,957,836 (net of accumulated depreciation). This investment in capital assets includes land, intangible assets, buildings and systems, improvements other than buildings, machinery and equipment, and infrastructure.

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

- A variety of street and sidewalk construction projects were completed and in progress during 2021; additions to capital assets were \$532,368 and construction in progress as of the close of the fiscal year was \$744,990.
- The airport runway lighting project was completed during 2021 and \$455,215 was added to capital assets.
- The City is constructing improvements to the downtown riverfront corridor. The City was awarded \$1,750,000 from the State of Minnesota for funding the project during the 2020 legislative session. Construction in progress has reached \$3,821,195 as of December 31, 2021.
- Construction was initiated for redevelopment of the Dr. Allen Magnuson Park and construction in progress has reached \$336,110 as of December 31, 2021.
- The City was the recipient of a grant from the Minnesota Department of Natural Resources for the replacement of the public water access to Pebble Lake and \$304,237 was added to capital assets.
- The Fire Department purchased a fire truck to replace Engine No. 2 at a cost of \$564,887.
- During 2021, the City purchased \$1,101,437 of various equipment to replace machinery and equipment within the City's fleet. Equipment with a historical cost of \$740,020 was either traded in for the new equipment or disposed.
- During 2021, various infrastructure improvements and equipment were added to capital assets for the Sewage Disposal, Water Department, and Storm Water systems. Additions to capital assets totaled \$2,713,921. Construction in progress for these areas was \$730,925 as of December 31, 2021.
- Depreciation for 2021 was \$3,678,024 for governmental activities and \$1,558,843 for business-type activities.

**City of Fergus Falls' Capital Assets
(Net of Depreciation)**

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$6,187,360	\$6,187,360	\$565,940	\$692,222	\$6,753,300	\$6,879,582
Intangible assets	232,170	232,170			232,170	232,170
Buildings and systems	27,522,407	28,558,727	4,032,478	4,266,005	31,554,885	32,824,732
Improvements other than buildings	5,851,629	5,218,422	29,919,290	29,693,976	35,770,919	34,912,398
Machinery and equipment	5,351,172	4,605,341	1,405,068	1,188,105	6,756,240	5,793,446
Infrastructure	26,857,362	27,553,513			26,857,362	27,553,513
Construction in progress	5,302,035	1,869,880	730,925	1,150,274	6,032,960	3,020,154
Total	\$77,304,135	\$74,225,413	\$36,653,701	\$36,990,582	\$113,957,836	\$111,215,995

Additional information on the City of Fergus Falls' capital assets can be found in Note 3 on pages 71 - 72 of this report.

Long-term debt. At the end of the current fiscal year, the City of Fergus Falls had a total bonded debt outstanding of \$17,681,417. Of this amount, \$4,045,000 comprises capital improvement plan debt and equipment certificates backed by the full faith and credit of the City; \$2,010,000 comprises sales tax revenue debt backed by the full faith and credit of the City and the collection of a local option sales tax; \$1,960,000 comprises improvement debt backed by special assessments levied against benefiting properties and the full faith and credit of the City; \$4,976,417 comprises Port Authority debt backed by the full faith and credit of the City and the collection of general property taxes and lease payments pledged to the bonds; and \$4,690,000 comprises proprietary fund debt backed by the respective revenues and the full faith and credit of the City.

**City of Fergus Falls' Outstanding Debt
General Obligation and Revenue Bonds**

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Capital improvement plan	\$3,670,000	\$3,955,000			\$3,670,000	\$3,955,000
Equipment certificates	375,000	400,000			375,000	400,000
Sales tax revenue bonds	2,010,000	3,135,000			2,010,000	3,135,000
Improvement debt with governmental commitment	1,960,000	2,375,000			1,960,000	2,375,000
Port Authority bonds	4,976,417	2,971,124			4,976,417	2,971,124
Revenue bonds			4,690,000	5,010,000	4,690,000	5,010,000
Total	\$12,991,417	\$12,836,124	\$4,690,000	\$5,010,000	\$17,681,417	\$17,846,124

The City of Fergus Falls' total bonded debt decreased \$164,707 (0.92 percent) during the current fiscal year. The change in bonded debt is the result of the issuance of the \$1,460,000 G.O. Port Authority Bonds, Series 2021A, which provided funds for the improvements to the downtown riverfront corridor. The City also received proceeds from the G.O. Port Authority Bonds, Series 2020A (\$205,419) and G.O. Port Authority Bonds, Series 2020B (\$394,874). The total debt was reduced by principal payments on long-term debt.

The City of Fergus Falls maintains a bond rating of Aa3 from Moody's Investor Service.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3.00 percent of its total market value of taxable property. The current debt limitation for the City of Fergus Falls is \$28,659,873, which is significantly in excess of the City of Fergus Falls' outstanding general obligation debt.

Additional information on the City of Fergus Falls' long-term debt can be found in Note 5 on pages 77 - 79 of this report.

Economic Factors and Next Year's Budgets and Rates

The 2021 annual average unemployment rate (not seasonally adjusted) for the City of Fergus Falls was 3.50 percent, which was a decrease from a rate of 5.10 percent a year ago. This compares unfavorably to the State's 2021 annual unemployment rate (not seasonally adjusted) of 3.40 percent, and compares favorably to the United States' 2021 annual average unemployment rate of 5.30 percent.

Development activity within the City continued to grow during 2021. The City experienced new home construction with 16 new home starts in 2021 compared to 35 new homes in 2020. The City experienced some new construction in the commercial area as well as several remodeling projects. The value of building permits increased from \$19.8 million in 2020 to \$26.8 million in 2021. The City is experiencing further development activity thus far in 2022.

The Otter Tail Power Company coal-fired power plant ceased operation during 2021. This power plant comprised approximately 5.70 percent of the City's tax base. During 2018, the City completed various impact studies regarding the plant closure and has considered this information when planning future budgets.

During the current fiscal year, total fund balance in the General fund decreased to \$10,173,173. The City relies on the State of Minnesota Local Government Aid (LGA). The 2021 LGA allotment of \$3,800,439 comprises 27.00 percent of the funding for the 2021 General fund original budget. The City received a 1.00 percent increase in LGA for 2021. For several years, the City has experienced stable amounts of LGA from the State of Minnesota. The City strives to maintain adequate unassigned fund balance in the General fund to manage future budgets. The City does allow the carryover of unspent capital outlay and snow and ice removal budgets for use in future years if the need arises.

The Waste Management, Sewage Disposal, Water Department, and Storm Water rates are evaluated on an annual basis and recommended changes are presented to the City Council for approval.

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

Requests for Information

This financial report is designed to provide a general overview of the City of Fergus Falls' 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 Office of the Finance Director, 112 West Washington Avenue, Fergus Falls, Minnesota, 56537.

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BASIC FINANCIAL STATEMENTS

CITY OF FERGUS FALLS, MINNESOTA
Statement of Net Position
December 31, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	PEG Access	Fergus Falls Convention and Visitor's Bureau, Inc.
ASSETS					
Cash and cash equivalents	\$7,816,398	\$3,591,720	\$11,408,118	\$243,299	\$110,069
Investments	11,335,325	16,300,000	27,635,325		
Receivables:					
Taxes	457,480		457,480		
Special assessments	4,048,005		4,048,005		
Notes, leases, and contracts	4,933,314		4,933,314		
Intergovernmental	5,345,849	47,267	5,393,116		38,943
Other	1,185,850	871,843	2,057,693	20,973	268
Internal balances	(4,087,400)	4,087,400			
Inventories	434,375	1,340,664	1,775,039		
Prepaid items	56,314	115,507	171,821		3,696
Property held for resale	3,668,367		3,668,367		
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	41,864	541,388	583,252		
Investments		2,500,000	2,500,000		
Net pension asset - fire relief association	1,498,792		1,498,792		
Capital assets (net of accumulated depreciation):					
Land	6,187,360	565,940	6,753,300		
Intangible assets	232,170		232,170		
Buildings and systems	27,522,407	4,032,478	31,554,885		
Improvements other than buildings	5,851,629	29,919,290	35,770,919	4,726	
Machinery and equipment	5,351,172	1,405,068	6,756,240	15,170	
Infrastructure	26,857,362		26,857,362		
Construction in progress	5,302,035	730,925	6,032,960		
Total assets	\$114,038,668	\$66,049,490	\$180,088,158	\$284,168	\$152,976
DEFERRED OUTFLOWS OF RESOURCES					
OPEB	\$86,653	\$26,059	\$112,712		
Pensions	4,131,410	927,623	5,059,033		
Total deferred outflows of resources	\$4,218,063	\$953,682	\$5,171,745		

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	PEG Access	Fergus Falls Convention and Visitor's Bureau, Inc.
LIABILITIES					
Accounts payable	\$1,444,260	\$432,332	\$1,876,592	\$955	\$3,275
Accrued salaries payable	161,845	52,065	213,910	947	1,095
Retainage payable	296,518		296,518		
Intergovernmental payable	218,663	111,739	330,402	58	
Interest payable	43,818	40,108	83,926		
Unearned revenue	832,640	11,249	843,889		
Liabilities payable from restricted assets	41,864		41,864		
Noncurrent liabilities:					
Due within one year	2,571,886	641,369	3,213,255	4,547	3,993
Due in more than one year	12,749,618	5,748,994	18,498,612	4,796	555
Total OPEB liability	553,522	166,459	719,981		
Net pension liability	3,471,366	1,360,915	4,832,281		
Total liabilities	\$22,386,000	\$8,565,230	\$30,951,230	\$11,303	\$8,918
DEFERRED INFLOWS OF RESOURCES					
Revenue for subsequent years	\$3,419,945		\$3,419,945		
OPEB	134,904	40,569	175,473		
Pensions	6,202,137	1,346,750	7,548,887		
Total deferred inflows of resources	\$9,756,986	\$1,387,319	\$11,144,305		
NET POSITION					
Net investment in capital assets	\$63,181,816	\$31,558,733	\$94,026,581		
Permanently restricted for: (nonexpendable)					
Library purposes	14,301		14,301		
Temporarily restricted for: (expendable)					
Bad debts - IRP regulations	27,632		27,632		
Canine program	3,253		3,253		
CBHH operations	28,672		28,672		
Community ice arena	1,126,100		1,126,100		
Debt service	1,106,924		1,106,924		
E & G Noyes Park	441		441		
Landfill closure/postclosure		2,157,565	2,157,565		
Library building	1,194,175		1,194,175		
Library purposes	45,088		45,088		
Park improvements	5,702		5,702		
Police forfeitures	112,745		112,745		
Police programs	7,659		7,659		
Public restrooms	7,876		7,876		
Renewal and replacement - CBHH	485,846		485,846		
Revolving loans	3,436,409		3,436,409		
Street maintenance	798,307		798,307		
Tax increment districts	141,357		141,357		
Tri-centennial	9,136		9,136		
Unrestricted	14,380,306	23,334,325	38,428,599	272,865	144,058
Total net position	\$86,113,745	\$57,050,623	\$143,164,368	\$272,865	\$144,058

The notes to the financial statements are an integral part of this statement.

CITY OF FERGUS FALLS, MINNESOTA
Statement of Activities
For the Year Ended December 31, 2021

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$2,278,776	\$266,156	\$12,296	
Public safety	4,223,211	486,142	482,673	
Streets and highways	3,604,589	44,861	296,645	1,433,044
Sanitation	39,876	2,506	140	
Airport	455,053	130,828	77,334	452,083
Culture and recreation	3,619,536	640,294	347,617	1,902,063
Community development	303,216	8,500	638	
Economic development	1,011,599	457,693	161,811	163,446
Interest on long-term debt	258,834			
Total governmental activities	<u>\$15,794,690</u>	<u>\$2,036,980</u>	<u>\$1,379,154</u>	<u>\$3,950,636</u>
Business-type activities:				
Waste Management	\$3,050,271	\$3,529,247		
Liquor Store	6,236,844	7,390,394		
Sewage Disposal	1,891,615	2,184,538		
Water Department	1,802,895	2,829,722		
Storm Water	404,799	652,482		
Total business-type activities	<u>\$13,386,424</u>	<u>\$16,586,383</u>		
Total primary government	<u>\$29,181,114</u>	<u>\$18,623,363</u>	<u>\$1,379,154</u>	<u>\$3,950,636</u>
Component units:				
PEG Access	\$101,566	\$1,211	\$102,724	
Fergus Falls Convention and Visitor's Bureau, Inc.	144,107		181,616	
Total component units	<u>\$245,673</u>	<u>\$1,211</u>	<u>\$284,340</u>	
General revenues:				
Property taxes				
Local option sales tax				
Lodging taxes				
Tax increments				
Unrestricted intergovernmental revenues				
Unrestricted investment earnings				
Gain on sale of capital assets				
Transfers				
Total general revenues, special items, and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

The notes to the financial statements are an integral part of this statement.

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	PEG Access	Fergus Falls Convention and Visitor's Bureau, Inc.
(\$2,000,324)		(\$2,000,324)		
(3,254,396)		(3,254,396)		
(1,830,039)		(1,830,039)		
(37,230)		(37,230)		
205,192		205,192		
(729,562)		(729,562)		
(294,078)		(294,078)		
(228,649)		(228,649)		
(258,834)		(258,834)		
<u>(\$8,427,920)</u>		<u>(\$8,427,920)</u>		
	\$478,976	\$478,976		
	1,153,550	1,153,550		
	292,923	292,923		
	1,026,827	1,026,827		
	247,683	247,683		
	<u>\$3,199,959</u>	<u>\$3,199,959</u>		
<u>(\$8,427,920)</u>	<u>\$3,199,959</u>	<u>(\$5,227,961)</u>		
			\$2,369	
				37,509
			\$2,369	\$37,509
\$6,597,663		\$6,597,663		
1,560,963		1,560,963		
138,801		138,801		
235,289		235,289		
3,801,491		3,801,491		
(95,456)	(155,914)	(251,370)	(1,462)	(789)
	35,242	35,242		
1,899,786	(1,899,786)			
<u>\$14,138,537</u>	<u>(\$2,020,458)</u>	<u>\$12,118,079</u>	<u>(\$1,462)</u>	<u>(\$789)</u>
\$5,710,617	\$1,179,501	\$6,890,118	\$907	\$36,720
80,403,128	55,871,122	136,274,250	271,958	107,338
<u>\$86,113,745</u>	<u>\$57,050,623</u>	<u>\$143,164,368</u>	<u>\$272,865</u>	<u>\$144,058</u>

CITY OF FERGUS FALLS, MINNESOTA

**Balance Sheet
Governmental Funds
December 31, 2021**

	General	Special Revenue Port Authority	Debt Service G.O. Port Authority 2019A
ASSETS			
Cash and cash equivalents	\$3,654,948	\$426,060	\$42,604
Restricted cash - customer deposits	7,364		
Investments	7,435,325	500,000	
Receivables:			
Taxes	131,152	1,672	
Special assessments			
Notes, leases, and contracts	79,984		2,620,000
Intergovernmental	165,528	114,347	
Other	140,383	2,258	104
Due from other funds	6,833	9,000	
Inventories	183,785		
Prepaid items	51,145		
Advances to other funds	8,632		
Property held for resale	17,443	3,650,924	
	<u>\$11,882,522</u>	<u>\$4,704,261</u>	<u>\$2,662,708</u>
Total assets			
LIABILITIES			
Accounts payable	\$297,002	\$17,479	
Accrued salaries payable	140,326	1,024	
Retainage payable			
Intergovernmental payable	141,113		
Due to other funds	347,220	1,315,414	
Advances from other funds	58,376		
Interest payable	849		
Unearned revenue	553,347		
Customer deposits	7,364		
	<u>\$1,545,597</u>	<u>\$1,333,917</u>	<u>\$0</u>
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Revenue for subsequent years	\$72,984		\$2,620,000
Unavailable revenue - property tax	90,768	1,320	
Unavailable revenue - special assessments			
	<u>\$163,752</u>	<u>\$1,320</u>	<u>\$2,620,000</u>
Total deferred inflows of resources			
FUND BALANCES			
Nonspendable	\$234,930		
Restricted	2,065,517	514,518	42,708
Committed			
Assigned	1,319,487	2,854,506	
Unassigned	6,553,239		
	<u>\$10,173,173</u>	<u>\$3,369,024</u>	<u>\$42,708</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$11,882,522</u>	<u>\$4,704,261</u>	<u>\$2,662,708</u>

The notes to the financial statements are an integral part of this statement.

<u>Capital Projects Operations</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	\$2,985,095	\$7,108,707
	34,500	41,864
	1,900,000	9,835,325
5,030	319,626	457,480
4,048,005		4,048,005
	2,233,330	4,933,314
4,512,294	553,680	5,345,849
28,645	731,428	902,818
2,568,271	11,500	2,595,604
		183,785
	1,998	53,143
		8,632
		3,668,367
<u>\$11,162,245</u>	<u>\$8,771,157</u>	<u>\$39,182,893</u>
\$922,931	\$140,161	\$1,377,573
1,833	12,595	155,778
293,376	3,142	296,518
5,636	68,543	215,292
2,408,656	205,295	4,276,585
	8,632	67,008
5,778	2,313	8,940
273,314	5,217	831,878
	34,500	41,864
<u>\$3,911,524</u>	<u>\$480,398</u>	<u>\$7,271,436</u>
\$799,945		\$3,492,929
3,922	24,661	120,671
4,046,382		4,046,382
<u>\$4,850,249</u>	<u>\$24,661</u>	<u>\$7,659,982</u>
	\$16,299	\$251,229
427,749	5,521,708	8,572,200
	624,059	624,059
1,972,723	2,104,032	8,250,748
		6,553,239
<u>\$2,400,472</u>	<u>\$8,266,098</u>	<u>\$24,251,475</u>
<u>\$11,162,245</u>	<u>\$8,771,157</u>	<u>\$39,182,893</u>

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CITY OF FERGUS FALLS, MINNESOTA
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position - Governmental Activities
As of December 31, 2021

Total fund balance - governmental funds	\$24,251,475
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	132,373,802
Less: Accumulated depreciation	(57,912,214)
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:	
General obligation bonds	(11,031,417)
Permanent improvement revolving fund bonds	(1,960,000)
Installment purchase contracts	(16,108)
Intergovernmental	(72,735)
Compensated absences - benefits owed	(1,347,394)
Bond premiums are reported as a liability within the statement of net position and are reported as an other financing source in the year the debt is issued within the governmental funds.	
	(872,649)
Internal service funds are used by management to charge the costs of fleet management and employee health insurance premiums to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
	3,063,564
The consolidation of the internal service funds with the governmental activities resulted in an internal balance to business-type activities.	
	(139,559)
Delinquent property taxes receivable will be collected in future years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
	120,671
Deferred and delinquent special assessment receivables are not available to pay for current expenditures and, therefore, are deferred in the funds.	
	4,046,382
Resources generated as a result of a long-term note receivable are not available to pay for the current expenditures and, therefore, are deferred in the funds.	
	72,984
Governmental funds do not report a liability for a total OPEB liability.	
	(553,522)
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.	
	(34,878)
The City's allocation of the net pension liability for MN PERA is not due and payable in the current period and, therefore, is not reported as a liability in the funds.	
	(3,305,541)
Net pension assets created through non-employer contributions to defined benefit pension plans are not recognized in the governmental funds.	
	1,498,792
Deferred outflows of resources related to pensions are not reported in the funds.	
	4,018,381
Deferred outflows of resources related to the OPEB liability are not reported in the funds.	
	86,653
Deferred inflows of resources related to pensions are not reported in the funds.	
	(6,038,038)
Deferred inflows of resources related to the OPEB liability are not reported in the funds.	
	(134,904)
Total net position - governmental activities	\$86,113,745

CITY OF FERGUS FALLS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	<u>General</u>	<u>Special Revenue Port Authority</u>	<u>Debt Service G.O. Port Authority 2019A</u>
REVENUES			
Taxes	\$5,183,330	\$60,341	
Special assessments			
Licenses and permits	225,777		
Intergovernmental	4,851,913	103,701	
Charges for services	1,011,029		
Fines and forfeits	86,238		
Contributions	317,383		
Investment earnings	(53,268)	(5,400)	(464)
Other interest income	1,578		
Rent	88,145	254,178	141,250
Other	142,567		
	<u>\$11,854,692</u>	<u>\$412,820</u>	<u>\$140,786</u>
EXPENDITURES			
Current:			
General government	\$2,062,382		
Public safety	4,624,077		
Streets and highways	2,328,117		
Sanitation	42,803		
Airport	255,777		
Culture and recreation	1,814,882		
Community development	273,687		
Economic development	64,316	303,973	
Debt service:			
Principal	15,274		55,000
Interest	2,649		83,750
Other			495
Capital outlay	1,550,797		
	<u>\$13,034,761</u>	<u>\$303,973</u>	<u>\$139,245</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(\$1,180,069)</u>	<u>\$108,847</u>	<u>\$1,541</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$1,635,670	\$109,521	
Transfers (out)	(468,708)		
General obligation bonds issued		600,293	
Premium on general obligation bonds issued			
Sale of capital assets	700		
	<u>\$1,167,662</u>	<u>\$709,814</u>	
Net change in fund balances	(\$12,407)	\$818,661	\$1,541
Fund balances - beginning	10,185,580	2,550,363	41,167
Fund balances - ending	<u>\$10,173,173</u>	<u>\$3,369,024</u>	<u>\$42,708</u>

The notes to the financial statements are an integral part of this statement.

<u>Capital Projects Operations</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$199,645	\$3,129,714	\$8,573,030
474,217		474,217
		225,777
2,688,441	703,319	8,347,374
	16,643	1,027,672
	1,674	87,912
6,524	108,489	432,396
12,592	(31,718)	(78,258)
61,744	52,365	115,687
	17,850	501,423
48,396	10,160	201,123
<u>\$3,491,559</u>	<u>\$4,008,496</u>	<u>\$19,908,353</u>
		\$2,062,382
		4,624,077
258,855		2,586,972
		42,803
	2	255,779
20,002	930,674	2,765,558
	29,802	303,489
36,750	443,467	848,506
	1,885,927	1,956,201
	331,162	417,561
	1,861	2,356
4,053,263	515,302	6,119,362
<u>\$4,368,870</u>	<u>\$4,138,197</u>	<u>\$21,985,046</u>
<u>(\$877,311)</u>	<u>(\$129,701)</u>	<u>(\$2,076,693)</u>
\$775,487	\$547,155	\$3,067,833
(490,655)	(3,363)	(962,726)
1,459,011	989	2,060,293
5,204		5,204
		700
<u>\$1,749,047</u>	<u>\$544,781</u>	<u>\$4,171,304</u>
\$871,736	\$415,080	\$2,094,611
1,528,736	7,851,018	22,156,864
<u>\$2,400,472</u>	<u>\$8,266,098</u>	<u>\$24,251,475</u>

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CITY OF FERGUS FALLS, MINNESOTA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities - Governmental Activities
For the Year Ended December 31, 2021

Total net change in fund balance - governmental funds	\$2,094,611
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	5,886,072
Depreciation expense	(2,947,224)
Net effect of various transactions involving capital assets	40,706
Certain revenues reported in the funds were recognized in prior years and are not reported as revenue in the statement of activities (special assessments).	(286,615)
Certain revenues were not available and were therefore deferred in the funds.	(20,330)
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the statement of activities.	(63,699)
Principal payments on long-term debt are recognized as expenditures in the governmental funds, but as an increase in net position in the statement of activities.	1,956,201
Proceeds from long-term debt are recognized as other financing sources in the governmental funds but as a decrease in net position in the statement of activities.	(2,060,293)
Governmental funds report the effect of bond premiums when debt is first issued as an other financing source, whereas these amounts are amortized in the statement of activities.	139,906
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 the 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.	15,973
Delinquent property taxes receivable will be collected in future years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	(40,314)
The costs associated with the postemployment healthcare plan are recognized as paid in the governmental funds, but recognized as the expense is incurred in the statement of activities.	(16,367)
Net pension expense and State funding related to the City's allocation of the net pension liability is not included within the funds, but is recognized in the statement of activities.	928,377
Internal service fund activity.	83,613
Change in net position - governmental activities	\$5,710,617

CITY OF FERGUS FALLS, MINNESOTA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$5,199,224	\$5,199,224	\$5,183,330	(\$15,894)
Licenses and permits	180,475	180,475	225,777	45,302
Intergovernmental	4,213,500	5,044,862	4,851,913	(192,949)
Charges for services	958,995	966,695	1,011,029	44,334
Fines and forfeits	74,000	99,138	86,238	(12,900)
Contributions	22,500	290,570	317,383	26,813
Investment earnings	170,000	170,000	(53,268)	(223,268)
Other interest income			1,578	1,578
Rent	59,000	59,000	88,145	29,145
Other	50,000	63,560	142,567	79,007
	<u>\$10,927,694</u>	<u>\$12,073,524</u>	<u>\$11,854,692</u>	<u>(\$218,832)</u>
EXPENDITURES				
General government	\$2,172,794	\$2,326,445	\$2,062,382	(\$264,063)
Public safety	4,737,826	4,797,025	4,624,077	(172,948)
Streets and highways	2,707,450	2,880,661	2,328,117	(552,544)
Sanitation	52,411	52,411	42,803	(9,608)
Airport	220,632	220,632	255,777	35,145
Culture and recreation	1,903,434	1,912,235	1,814,882	(97,353)
Community development	265,270	265,270	273,687	8,417
Economic development	50,073	50,073	64,316	14,243
Debt service:				
Principal	15,276	15,276	15,274	(2)
Interest	1,710	1,710	2,649	939
Capital outlay	1,839,511	3,545,447	1,550,797	(1,994,650)
	<u>\$13,966,387</u>	<u>\$16,067,185</u>	<u>\$13,034,761</u>	<u>(\$3,032,424)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(\$3,038,693)</u>	<u>(\$3,993,661)</u>	<u>(\$1,180,069)</u>	<u>\$2,813,592</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$1,785,668	\$1,635,668	\$1,635,670	\$2
Transfers (out)	(8,975)	(330,170)	(468,708)	(138,538)
Sale of capital assets			700	700
	<u>\$1,776,693</u>	<u>\$1,305,498</u>	<u>\$1,167,662</u>	<u>(\$137,836)</u>
Net change in fund balances	<u>(\$1,262,000)</u>	<u>(\$2,688,163)</u>	<u>(\$12,407)</u>	<u>\$2,675,756</u>
Fund balance - beginning			<u>10,185,580</u>	
Fund balance - ending			<u>\$10,173,173</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF FERGUS FALLS, MINNESOTA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Port Authority Special Revenue Fund
For the Year Ended December 31, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
REVENUES			
Taxes:			
General property tax	\$61,000	\$60,273	(\$727)
Mobile home tax	75	68	(7)
Total taxes	\$61,075	\$60,341	(\$734)
Intergovernmental	25	103,701	103,676
Investment earnings	10,000	(5,400)	(15,400)
Rent	242,263	254,178	11,915
Total revenues	\$313,363	\$412,820	\$99,457
EXPENDITURES			
Current:			
Economic development	\$299,716	\$303,973	\$4,257
Total expenditures	\$299,716	\$303,973	\$4,257
Excess (deficiency) of revenues over (under) expenditures	\$13,647	\$108,847	\$95,200
OTHER FINANCING SOURCES (USES)			
Transfers in		\$109,521	\$109,521
General obligation bonds issued		600,293	600,293
Total other financing sources and (uses)		\$709,814	\$709,814
Net change in fund balances	\$13,647	\$818,661	\$805,014
Fund balance - beginning		2,550,363	
Fund balance - ending		\$3,369,024	

The notes to the financial statements are an integral part of this statement.

CITY OF FERGUS FALLS, MINNESOTA
Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-type Activities- Enterprise Funds	
	Waste Management	Liquor Store
ASSETS		
Current assets:		
Cash and cash equivalents	\$877,432	\$575,179
Investments	650,000	650,000
Receivables:		
Interest	11,139	2,973
Accounts	336,367	
Intergovernmental		
Other	885	104
Due from other funds	35,781	
Advances to Other Funds		
Inventories		1,227,216
Prepaid items	115,507	
Total current assets	\$2,027,111	\$2,455,472
Noncurrent assets:		
Restricted assets:		
Financial assurance held for landfill closure/postclosure:		
Cash and cash equivalents	\$541,388	
Investments	2,500,000	
Total restricted assets	\$3,041,388	
Capital assets:		
Land	\$83,108	\$304,982
Buildings and systems	871,925	1,694,971
Improvements other than buildings	3,042,338	
Machinery and equipment	536,460	327,537
Construction in progress		
Less accumulated depreciation	(1,718,544)	(1,272,440)
Total capital assets (net of accumulated depreciation)	\$2,815,287	\$1,055,050
Total noncurrent assets	\$5,856,675	\$1,055,050
Total assets	\$7,883,786	\$3,510,522
DEFERRED OUTFLOWS OF RESOURCES		
OPEB	\$6,081	\$2,631
Pensions	281,258	248,277
Total deferred outflows of resources	\$287,339	\$250,908

Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
Sewage Disposal	Water Department	Storm Water	Totals	
\$456,769	\$1,170,359	\$511,981	\$3,591,720	\$707,691
8,000,000	5,500,000	1,500,000	16,300,000	1,500,000
26,951	16,293	4,920	62,276	6,212
179,578	205,736	63,978	785,659	
5,504	41,763		47,267	
13,517	9,402		23,908	276,820
2,614,998		15,950	2,666,729	271
				58,376
44,493	68,955		1,340,664	250,590
			115,507	3,171
\$11,341,810	\$7,012,508	\$2,096,829	\$24,933,730	\$2,803,131
			\$541,388	
			2,500,000	
			\$3,041,388	
\$8,709	\$100,608	\$68,533	\$565,940	\$4,350
14,376,061	4,192,135		21,135,092	506,103
19,852,924	21,633,279	10,880,650	55,409,191	
1,114,775	1,275,602		3,254,374	9,914,774
366,993	181,070	182,862	730,925	2,220
(23,535,931)	(12,747,950)	(5,166,956)	(44,441,821)	(7,584,900)
\$12,183,531	\$14,634,744	\$5,965,089	\$36,653,701	\$2,842,547
\$12,183,531	\$14,634,744	\$5,965,089	\$39,695,089	\$2,842,547
\$23,525,341	\$21,647,252	\$8,061,918	\$64,628,819	\$5,645,678
\$6,802	\$10,481	\$64	\$26,059	
184,782	189,624	23,682	927,623	113,029
\$191,584	\$200,105	\$23,746	\$953,682	\$113,029

(Continued)

CITY OF FERGUS FALLS, MINNESOTA
Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-type Activities- Enterprise Funds	
	Waste Management	Liquor Store
LIABILITIES		
Current liabilities:		
Accounts payable	\$37,030	\$350,430
Accrued salaries payable	14,126	16,519
Compensated absences	61,654	26,909
Intergovernmental payable	111,739	
Due to other funds	26,702	9,493
Revenue bonds payable	115,000	
Interest payable	4,547	
Unearned revenue		10,149
Estimated liability for landfill closure/postclosure	50,000	
Total current liabilities	\$420,798	\$413,500
Noncurrent liabilities:		
Revenue bonds payable, net of premiums	\$1,833,236	
Compensated absences	31,338	15,452
Total OPEB liability	38,844	16,806
Net pension liability	412,633	364,247
Estimated liability for landfill closure/postclosure	833,823	
Total noncurrent liabilities	\$3,149,874	\$396,505
Total liabilities	\$3,570,672	\$810,005
DEFERRED INFLOWS OF RESOURCES		
OPEB	\$9,467	\$4,096
Pensions	408,338	360,456
Total deferred inflows of resources	\$417,805	\$364,552
NET POSITION		
Net investment in capital assets	\$867,051	\$1,055,050
Restricted for:		
Landfill closure/postclosure	2,157,565	
Unrestricted	1,158,032	1,531,823
Total net position	\$4,182,648	\$2,586,873

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

Net position of business-type activities

The notes to the financial statements are an integral part of this statement.

(Continued)

Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
Sewage Disposal	Water Department	Storm Water	Totals	
\$21,414	\$23,302	\$156	\$432,332	\$66,687
11,068	10,112	240	52,065	6,067
44,396	83,410		216,369	13,176
			111,739	3,371
200,723	615,864	132,604	985,386	633
	225,000	35,000	375,000	
	25,504	10,057	40,108	
	1,100		11,249	762
			50,000	
<u>\$277,601</u>	<u>\$984,292</u>	<u>\$178,057</u>	<u>\$2,274,248</u>	<u>\$90,696</u>
	\$2,233,539	\$653,193	\$4,719,968	
63,554	84,859		195,203	8,025
43,450	66,949	410	166,459	
271,094	278,197	34,744	1,360,915	165,825
			833,823	
<u>\$378,098</u>	<u>\$2,663,544</u>	<u>\$688,347</u>	<u>\$7,276,368</u>	<u>\$173,850</u>
<u>\$655,699</u>	<u>\$3,647,836</u>	<u>\$866,404</u>	<u>\$9,550,616</u>	<u>\$264,546</u>
\$10,589	\$16,317	\$100	\$40,569	
<u>268,272</u>	<u>275,302</u>	<u>34,382</u>	<u>1,346,750</u>	<u>164,099</u>
<u>\$278,861</u>	<u>\$291,619</u>	<u>\$34,482</u>	<u>\$1,387,319</u>	<u>\$164,099</u>
\$12,183,531	\$12,176,205	\$5,276,896	\$31,558,733	\$2,842,547
			2,157,565	
<u>10,598,834</u>	<u>5,731,697</u>	<u>1,907,882</u>	<u>20,928,268</u>	<u>2,487,515</u>
<u>\$22,782,365</u>	<u>\$17,907,902</u>	<u>\$7,184,778</u>	<u>\$54,644,566</u>	<u>\$5,330,062</u>
			<u>2,406,057</u>	
			<u>\$57,050,623</u>	

CITY OF FERGUS FALLS, MINNESOTA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities- Enterprise Funds	
	Waste Management	Liquor Store
OPERATING REVENUES AND GROSS PROFIT		
Sales and charges for services	\$3,528,231	\$7,384,820
Cost of sales		(5,073,055)
	<u>\$3,528,231</u>	<u>\$2,311,765</u>
OPERATING EXPENSES		
Personal service	\$737,488	\$643,328
Employee benefits	210,591	182,607
Supplies	85,625	24,176
Utilities	47,908	60,068
Other	1,818,915	213,487
Depreciation	193,759	39,861
	<u>\$3,094,286</u>	<u>\$1,163,527</u>
Total operating expenses		
	<u>\$3,094,286</u>	<u>\$1,163,527</u>
Operating income (loss)	<u>\$433,945</u>	<u>\$1,148,238</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	(\$30,159)	(\$7,048)
Other interest income		
Rent		4,296
Other income	1,016	1,278
Gain on disposal of capital assets		
Interest expense	(42,037)	
	<u>(\$71,180)</u>	<u>(\$1,474)</u>
Total nonoperating revenues (expenses)		
	<u>(\$71,180)</u>	<u>(\$1,474)</u>
Income before contributions and transfers	\$362,765	\$1,146,764
Capital contributions		
Transfers in		
Transfers (out)	(244,300)	(1,083,888)
	<u>(244,300)</u>	<u>(1,083,888)</u>
Change in net position	\$118,465	\$62,876
Total net position - beginning	<u>\$4,064,183</u>	<u>\$2,523,997</u>
Total net position - ending	<u>\$4,182,648</u>	<u>\$2,586,873</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		
Change in net position of business-type activities		

The notes to the financial statements are an integral part of this statement.

Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
Sewage Disposal	Water Department	Storm Water	Totals	
\$2,183,871	\$2,820,341	\$648,558	\$16,565,821 (5,073,055)	\$4,120,836
<u>\$2,183,871</u>	<u>\$2,820,341</u>	<u>\$648,558</u>	<u>\$11,492,766</u>	<u>\$4,120,836</u>
\$471,743	\$483,349	\$66,163	\$2,402,071	\$306,583
173,809	142,643	(1,932)	707,718	63,057
143,660	277,082	11,449	541,992	466,227
150,929	102,813	2,162	363,880	46,011
397,913	207,886	126,341	2,764,542	2,139,856
<u>580,879</u>	<u>544,962</u>	<u>199,382</u>	<u>1,558,843</u>	<u>730,800</u>
<u>\$1,918,933</u>	<u>\$1,758,735</u>	<u>\$403,565</u>	<u>\$8,339,046</u>	<u>\$3,752,534</u>
<u>\$264,938</u>	<u>\$1,061,606</u>	<u>\$244,993</u>	<u>\$3,153,720</u>	<u>\$368,302</u>
(\$68,552)	(\$39,589)	(\$11,323)	(\$156,671)	(\$17,198)
	757		757	
	4,223		8,519	
667	5,158	3,924	12,043	28,625
	35,000	\$242	35,242	
	<u>(52,472)</u>	<u>(19,373)</u>	<u>(113,882)</u>	
<u>(\$67,885)</u>	<u>(\$46,923)</u>	<u>(\$26,530)</u>	<u>(\$213,992)</u>	<u>\$11,427</u>
\$197,053	\$1,014,683	\$218,463	\$2,939,728	\$379,729
53,642	11,695	6,148	71,485	8,975
<u>(272,187)</u>	<u>(260,569)</u>	<u>(110,327)</u>	<u>(1,971,271)</u>	<u>(142,811)</u>
(\$21,492)	\$765,809	\$114,284	\$1,039,942	\$245,893
<u>\$22,803,857</u>	<u>\$17,142,093</u>	<u>\$7,070,494</u>	<u>\$53,604,624</u>	<u>\$5,084,169</u>
<u>\$22,782,365</u>	<u>\$17,907,902</u>	<u>\$7,184,778</u>	<u>\$54,644,566</u>	<u>\$5,330,062</u>
			<u>139,559</u>	
			<u>\$1,179,501</u>	

CITY OF FERGUS FALLS, MINNESOTA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities- Enterprise Funds	
	Waste Management	Liquor Store
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$3,517,799	\$7,382,625
Payments from interfund services provided		
Payments to suppliers	(114,728)	(5,128,851)
Payments to employees	(909,030)	(794,651)
Payments for interfund services used	(650,526)	(113,416)
Other income	1,016	5,574
Other expenses	(1,381,696)	(213,494)
	<u>\$462,835</u>	<u>\$1,137,787</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(\$244,300)	(\$1,084,181)
Advances to other funds		
Amount loaned for cash deficit		
Repayment of amount loaned for cash deficit		
Repayment of amount borrowed for cash deficit		
Net cash provided (used) by noncapital financing activities	<u>(\$244,300)</u>	<u>(\$1,084,181)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Sale of capital assets		
Purchase of capital assets		(29,326)
Repayment of due to other funds	(20,619)	
Principal paid on capital debt	(115,000)	
Interest paid on capital debt	(61,065)	
Net cash provided (used) by capital and related financing activities	<u>(\$196,684)</u>	<u>(\$29,326)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments		\$22,169
Purchase of investments	(5,192)	
Interest and dividends received	77,385	21,353
Other interest		
Net cash provided (used) by investing activities	<u>\$72,193</u>	<u>\$43,522</u>
Net increase (decrease) in cash and cash equivalents	\$94,044	\$67,802
Cash and cash equivalents, January 1 (including \$383,862 reported in the restricted accounts)	<u>1,324,776</u>	<u>507,377</u>
Cash and cash equivalents, December 31 (including \$541,388 reported in the restricted accounts)	<u>\$1,418,820</u>	<u>\$575,179</u>

Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
Sewage Disposal	Water Department	Storm Water	Totals	
\$2,173,592	\$2,843,747	\$642,495	\$16,560,258	4,118,816
(300,787)	(373,858)	(13,966)	(5,932,190)	(487,962)
(565,593)	(571,283)	(77,310)	(2,917,867)	(388,098)
(278,750)	(135,117)	(108,141)	(1,285,950)	(71,130)
667	9,381	3,924	20,562	28,625
(236,344)	(151,614)	(23,276)	(2,006,424)	(2,227,393)
<u>\$792,785</u>	<u>\$1,621,256</u>	<u>\$423,726</u>	<u>\$4,438,389</u>	<u>\$972,858</u>
(275,768)	(260,569)	(160,657)	(2,025,475)	(\$133,836)
(365,722)			(365,722)	(58,376)
				147,714
				(147,714)
<u>(\$641,490)</u>	<u>(\$260,569)</u>	<u>(\$160,657)</u>	<u>(\$2,391,197)</u>	<u>(\$192,212)</u>
	\$35,000	\$126,524	\$161,524	
(68,648)	(297,123)	(7,488)	(402,585)	(852,689)
(69,772)	(59,357)	(44,353)	(194,101)	
	(185,000)	(20,000)	(320,000)	
	(90,073)	(24,650)	(175,788)	
<u>(\$138,420)</u>	<u>(\$596,553)</u>	<u>\$30,033</u>	<u>(\$930,950)</u>	<u>(\$852,689)</u>
			\$22,169	
(746,054)	(643,756)	(541,275)	(1,936,277)	446,897
182,220	105,404	30,147	416,509	36,900
	757		757	
<u>(\$563,834)</u>	<u>(\$537,595)</u>	<u>(\$511,128)</u>	<u>(\$1,496,842)</u>	<u>\$483,797</u>
(\$550,959)	\$226,539	(\$218,026)	(\$380,600)	\$411,754
<u>1,007,728</u>	<u>943,820</u>	<u>730,007</u>	<u>4,513,708</u>	<u>295,937</u>
<u>\$456,769</u>	<u>\$1,170,359</u>	<u>\$511,981</u>	<u>\$4,133,108</u>	<u>\$707,691</u>

(Continued)

CITY OF FERGUS FALLS, MINNESOTA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities- Enterprise Funds	
	Waste Management	Liquor Store
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$433,945	\$1,148,238
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	\$193,759	\$39,861
(Increase) decrease in accounts receivable	9,812	
(Increase) decrease in miscellaneous receivable	2,604	673
(Increase) decrease in intergovernmental receivable		
(Increase) decrease in due from other funds	(22,848)	
(Increase) decrease in inventories		(142,354)
(Increase) decrease in prepaid items	23,102	
(Increase) decrease in deferred outflows	(236,421)	(210,277)
Increase (decrease) in accounts payable	18,686	168,846
Increase (decrease) in accrued salaries payable	(35,694)	(24,628)
Increase (decrease) in compensated absences payable	1,262	(8,315)
Increase (decrease) in intergovernmental payable	(3,495)	(7)
Increase (decrease) in total OPEB liability	(7,750)	(6,745)
Increase (decrease) in net pension liability	(226,249)	(162,706)
Increase (decrease) in estimated liability for landfill closure/postclosure	(38,237)	
Increase (decrease) in due to other funds	(26,918)	1,283
Increase (decrease) in unearned revenues		(2,195)
Increase (decrease) in deferred inflows	376,261	330,539
Other income	1,016	5,574
Total adjustments	\$28,890	(\$10,451)
Net cash provided (used) by operating activities	\$462,835	\$1,137,787
Noncash investing, capital and financing activities:		
Amortization of bond premium	\$16,448	
Amortization of demo cell permit cost	(23,102)	
Capital asset disposals		(3,650)
Capital contributions financed through other funds		
Change in fair value of investments	(105,192)	(27,831)
Acquisition of property and equipment financed through due to other funds	1,935	

The notes to the financial statements are an integral part of this statement.

(Continued)

Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
Sewage Disposal	Water Department	Storm Water	Totals	
\$264,938	\$1,061,606	\$244,993	\$3,153,720	\$368,302
\$580,879	\$544,962	\$199,382	\$1,558,843	\$730,800
(631)	(3,408)	131	5,904	
(11,479)	(3,234)		(11,436)	(272,149)
7,264	5,022		12,286	
(5,325)		(6,194)	(34,367)	255
(1,778)	(1,062)		(145,194)	(13,373)
			23,102	163,561
(158,394)	(164,340)	(19,144)	(788,576)	(94,207)
(4,754)	7,035	(355)	189,458	35,716
(14,995)	(15,166)	(1,848)	(92,331)	(15,311)
3,104	7,101		3,152	(15,465)
	(351)		(3,853)	2,097
(6,541)	(8,341)	(423)	(29,800)	
(120,675)	(117,027)	(27,253)	(653,910)	(91,993)
			(38,237)	
7,481	32,984		14,830	623
	960		(1,235)	(2,275)
253,024	265,134	30,513	1,255,471	147,652
667	9,381	3,924	20,562	28,625
\$527,847	\$559,650	\$178,733	\$1,284,669	\$604,556
\$792,785	\$1,621,256	\$423,726	\$4,438,389	\$972,858
	\$33,571	\$4,861	\$54,880	
			(23,102)	
		(126,282)	(129,932)	(740,020)
53,642	11,695	6,148	71,485	
(246,054)	(143,756)	(41,275)	(564,108)	(53,103)
193,153	546,482	132,604	874,174	

CITY OF FERGUS FALLS, MINNESOTA
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2021

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$435,637
Interest receivable	965
	\$436,602
LIABILITIES	
Accounts payable	\$6,936
	\$6,936
FIDUCIARY NET POSITION	
Restricted for:	
Flexible benefits held for participants	\$15,833
Other organizations	396,857
Resident insurance claims	16,976
	\$429,666
Total fiduciary net position	\$429,666

The notes to the financial statements are an integral part of this statement.

CITY OF FERGUS FALLS, MINNESOTA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2021

	Custodial Funds
ADDITIONS	
Flexible benefit contributions	\$58,757
Insurance escrow proceeds	19,618
Investment earnings	(2,538)
Total additions	\$75,837
DEDUCTIONS	
Public safety	\$7,037
Economic development	2,337
Flexible benefit payments	56,048
Total deductions	\$65,422
Change in fiduciary net position	\$10,415
Fiduciary net position - beginning	419,251
Fiduciary net position - ending	\$429,666

The notes to the financial statements are an integral part of this statement.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Fergus Falls was organized as a municipal corporation in 1872 and is a home rule charter city under Minnesota Statutes. The City operates under a Mayor-Council form of government.

The financial statements of the City of Fergus Falls have been prepared in conformity with United States Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting entity

The financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. The discretely presented component units are reported in separate columns in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the government.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

Blended Component Unit.

Reported as if it was part of the City.

Discretely Presented Component Units.

Entails reporting the component unit financial data in columns separate from the financial data of the City.

Related Organization.

The relationship of the City with the entity is disclosed.

For each of the categories above, the specific entities are identified as follows:

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting entity (Continued)

Blended Component Unit.

The Fergus Falls Port Authority is governed by a seven-member commission appointed by the Mayor with approval and consent of the Council. Even though the Fergus Falls Port Authority is legally separate, it is reported as if it were part of the City because four commissioners (a voting majority) are also members of the City Council. The operations of the Fergus Falls Port Authority are managed by the City of Fergus Falls. The Executive Director, Treasurer, and Recording Secretary are employees of the City. All funds of the Fergus Falls Port Authority are comingled, managed, and invested with the funds of the City of Fergus Falls according to the City's Investment Policy. In addition, a portion of the Fergus Falls Port Authority's debt is expected to be repaid by the City of Fergus Falls. The Fergus Falls Port Authority is, accordingly, reported as a blended component unit of the primary government; no separately issued financial statements are prepared.

Discretely Presented Component Unit.

PEG Access is a separate nonprofit corporation established for the purpose of assisting the City of Fergus Falls in providing Public, Educational, and Governmental (PEG) access cable television programming. PEG Access is reported in a separate column to emphasize that it is legally separate from the City and is governed by a separate board. The City provides significant funding to PEG Access through the City's collection of a franchise fee through the local cable service bills. The City Council has ultimate control over the PEG Access budget through the ability to adjust the franchise fee and funding level to PEG Access.

Financial information in the form of accounting records for PEG Access is available at City Hall located at 112 West Washington Avenue, Fergus Falls, Minnesota. These accounting records are audited as part of the audit of the basic financial statements. Separate financial statements have not been issued.

The Fergus Falls Convention and Visitor's Bureau, Inc. (DBA Visit Fergus Falls) is a separate nonprofit corporation established with the purpose of marketing and promoting tourism in the City. The Fergus Falls Convention and Visitor's Bureau, Inc. is reported in a separate column to emphasize that it is legally separate from the City and is governed by a separate board. The City provides significant funding to the Fergus Falls Convention and Visitor's Bureau, Inc. through the City's collection of a municipal lodging tax. The City Council has ultimate control over the Fergus Falls Convention and Visitor's Bureau, Inc. budget through the control of the municipal lodging tax and funding level to the Fergus Falls Convention and Visitor's Bureau, Inc.

Financial information in the form of accounting records for the Fergus Falls Convention and Visitor's Bureau (DBA Visit Fergus Falls) is available at City Hall located at 112 West Washington Avenue, Fergus Falls, Minnesota. These accounting records are audited as part of the audit of the basic financial statements. Separate financial statements have not been issued.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting entity (Continued)

There are no other component units of the City of Fergus Falls requiring either blended or discrete presentation.

Related Organization.

The City Council is also responsible for appointing the members of the governing board of the Fergus Falls Housing and Redevelopment Authority, but the City's accountability does not extend beyond making the appointments. The Housing and Redevelopment Authority has no significant operational or financial relationship with the City.

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 City and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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. Internally dedicated revenues are reported as general revenues rather than program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Custodial Funds are presented in the fiduciary fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (nonprofit corporations, private parties, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide 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 and fiduciary fund financial

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 fiscal period. The City considers revenues to be available for the capital projects funds based on the cycle of the project. 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, other taxes, franchise fees, intergovernmental revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so 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.

Major governmental funds:

The General fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Port Authority special revenue fund accounts for property taxes, intergovernmental revenues, and the collection of lease revenues used to operate and maintain Port Authority assets and further economic and community development within the City.

The G.O. Port Authority 2019A debt service fund accounts for the collection of lease revenues and payments made for principal and interest on the General Obligation Port Authority Bonds, Series 2019A.

The Operations capital projects fund is used to account for the construction of capital facilities, utility systems, street improvements, and sidewalks in the City. Bond proceeds, special assessments, property tax levies, and various grants are used to finance these improvements.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Major proprietary funds:

The Waste Management fund accounts for the resources and expenses related to the operation of a refuse and recycling collection and disposal system.

The Liquor Store fund accounts for the resources and expenses related to the operation of City-owned municipal liquor stores.

The Sewage Disposal fund accounts for the activities related to the operation of a sanitary sewer collection and treatment system.

The Water Department fund accounts for the activities related to the operation of a water purification and distribution system.

The Storm Water fund accounts for activities related to the operation of a surface water collection system.

Additionally, the City reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Public Library fund was established to account for the operation and maintenance of the City-owned library. The Revolving Loan fund accounts for intergovernmental grants and principal and interest revenue for various loan programs. The funds are available for economic and community development purposes. Other special revenue funds are utilized as needed to account for the expenditure of specific revenue sources.

Debt service funds are used to account for the payment of general long-term principal and interest for general obligation bonds and general obligation equipment certificates. Revenues for these debt service payments are acquired through the City's general property tax levy and transfers from capital projects funds.

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds. The Operations capital projects fund is used to account for the construction of sewer and water main extensions, storm sewers, street improvements, sidewalks and various other capital improvements in the City. Bond proceeds, special assessments, annual property tax levy, and various grant monies are used to finance these improvements. The Airport Capital Improvement capital projects fund is used to account for construction of runways, aprons, taxiways, and airport hangars of the Municipal Airport. Federal and State grant monies and an annual property tax levy are used to finance these projects.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Permanent funds are used to report resources that are legally restricted to the extent that only the earnings, and not principal, may be used for purposes that support the City's programs, that is, for the benefit of the City or its citizenry.

Custodial funds are fiduciary funds where the City accounts for funds held in a strictly custodial capacity. The City receives resources, invests those resources temporarily, and remits the fiduciary resources to other organizations or individuals. The Flexible Benefit custodial fund accounts for resources held on behalf of City employees. The Business Development for Fergus Falls custodial fund accounts for resources of a nonprofit corporation related to economic development. The Insurance Escrow custodial fund accounts for fire damage insurance proceeds received on behalf of property owners within the City. A portion of insurance proceeds are held by the City until the property owner completes appropriate property improvements.

Internal service funds are used to account for the financing of goods and services provided by one department to other departments of the City on a cost-reimbursement basis. The Equipment fund is used to account for the purchase and maintenance of heavy equipment, light-duty trucks, and passenger vehicles used in the daily operations of the City. The Employee Insurance fund is used to account for the accumulation of revenues and expenses associated with health insurance activities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are utility charges between the City's enterprise functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported from 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 revenue of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds 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.

D. Assets, liabilities, and net position or equity

1. Deposits and investments

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by State law. Earnings from the pooled investments are allocated to the individual funds based on the month-end cash and investment balances.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net position or equity (Continued)

1. Deposits and investments (Continued)

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.

Minnesota State Statute 118A outlines authorized investments, which include obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, general obligations of a state or local government with taxing powers which are rated A or better, revenue obligations of a state or local government with taxing powers which are rated AA or better, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, commercial paper of the highest quality with a maturity of no longer than 270 days, and in the Minnesota Municipal Money Market Fund (4M Fund).

Certain investments of the City are reported at fair value as disclosed in Note 3. 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; and Level 3 inputs are significant unobservable inputs.

In accordance with GASB Statement No. 79, the 4M Fund securities are valued at amortized cost, which approximates fair value. There are no limitations or restrictions 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.

Definitions of the risks related to deposits and investments are as follows:

Custodial credit risk – deposits: In the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City maintains a policy stating that all short-term operating funds be invested in accounts permissible for municipalities as defined by Minnesota State Statute. Those statutes require deposits be covered by Federal Depository Insurance (FDIC) or in the event that additional coverage is needed, by collateralized securities equal to 110 percent of deposits in excess of FDIC, held by the City or by its agent in the City's name. Authorized collateral includes the legal investments described above and certain other state or local government obligations. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral. The City may also obtain an irrevocable standby letter of credit from a Federal Home Loan Bank as collateral in an amount equal to the amount of excess deposit.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net position or equity (Continued)

1. Deposits and investments (Continued)

Custodial credit risk – investments: In the event of failure of the counterparty to a transaction, a government will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party. The City maintains an investment policy that states all funds be invested in a portfolio permissible for municipalities as defined by Minnesota State Statutes.

Credit risk: An issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy allows funds to be invested in a portfolio of permissible investments for municipalities as defined by Minnesota State Statutes. More specifically, the investment policy allows for investments in a general obligation of any state or local government rated A or better, a revenue obligation of a state or local government rated AA or better, and a general obligation of the Minnesota Housing Finance Agency rated A or better.

Concentration credit risk: Loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy limits the fixed income securities of a single issuer, issue, or asset pool, with the exception of U.S. Government and Agency securities to no more than ten percent of the fair value of the fixed income portfolio.

Interest Rate Risk: Changes in interest rates will adversely affect the fair value of an investment. The following table, from the City's investment policy, outlines the mix of long and short-term investments that should be maintained to avoid being highly sensitive to changes in interest rates.

<u>Asset Class</u>	<u>Target</u>
Intermediate to Long Term Fixed Income Securities	70%
Securitized Mortgages	30%
Total Fixed Income Securities	100%

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds”. 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”.

All trade (utility) and property tax receivables are shown at a gross amount, since both taxes and trade (utility) receivables are assessable to the property taxes and are collectible upon sale of the assessed property.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net position or equity (Continued)

2. Receivables and payables (Continued)

The City levies its general property tax for the subsequent year during the month of December and certifies its levy to the Otter Tail County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Any adjustments or abatements to either the current or any prior year levy are adjusted through the current year general property tax revenue. Otter Tail County is the collection agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

The Otter Tail County Auditor prepares the list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) 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 in both government-wide and fund financial statements. Prepaid items of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Restricted assets

Customer deposits and street restoration deposits are classified as restricted assets in the balance sheet. Cash and investments held in the Waste Management fund as financial assurance for landfill closure and postclosure costs are classified as restricted assets on the balance sheet.

5. Capital assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (internally generated computer software), 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 initial, individual cost of more than \$5,000 and an estimated useful life in excess of 2 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net position or equity (Continued)

5. Capital assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Easements	40-60
Furniture and equipment	5
Vehicles	10
Streets and public infrastructure	40-60
Utility distribution systems	40-60

6. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 that time. The City has two types of deferred outflows of resources as of December 31, 2021. The City presents deferred outflows of resources in the statements of net position for deferred outflows of resources related to pensions and OPEBs for various estimate differences that will be amortized and recognized over future years and pension and OPEB contributions made subsequent to the measurement date through the end of the year.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 City has five types of items that qualify for reporting in this category. The City reported revenue for subsequent years and unavailable revenue in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net position or equity (Continued)

6. Deferred outflows/inflows of resources (Continued)

The statement of net position reports deferred inflow of resources related to revenue for subsequent years as well as pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

7. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation, holiday, compensatory time, and sick leave benefits. Employees leaving the employment of the City are eligible to receive one-half of the accumulated sick leave balance to a maximum of 600 hours and all vacation, holiday, and compensatory time. Employees with accumulated sick leave hours in excess of 1,200 hours will also receive 10 percent of the excess hours to a maximum of 100 hours. The amounts are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. 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 payments. Investments are reported at fair value.

9. 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, and 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.

In the fund financial statements, governmental fund types recognize 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 or discounts on debt issuances are reported as other financing sources/uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net position or equity (Continued)

10. Fund balance

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Nonspendable fund balance – These are amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

Restricted fund balance – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments or b) imposed by law through enabling legislation.

Committed fund balance – These are amounts comprised of unrestricted funds used for a specific purpose pursuant to constraints imposed by adoption of a resolution by the City Council, the highest level of decision making authority, and that remain binding unless removed or modified by a City Council resolution.

Assigned fund balance – These are amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed and include all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General fund, that are not classified as nonspendable, restricted or committed. The City Council approved a fund balance policy on November 7, 2011 which delegated authority to assign and remove fund balance assignments to the City Finance Director.

Unassigned fund balance – These are residual amounts in the General fund not reported in any other classification. The General fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

The City’s target unassigned General fund balance is to maintain 35-40 percent of the subsequent year’s budgeted General fund working capital expenditures.

When both restricted and unrestricted resources are available for use, it is the City’s policy to first use restricted resources, and then use unrestricted resources as they are needed. When unrestricted resources are available for use, it is the City’s policy to use resources in the following order: 1) committed 2) assigned 3) unassigned.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net position or equity (Continued)

11. Net position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. A reclassification of \$713,968 was made between this net position class and unrestricted net position in the total column of the Statement of Net Position to recognize the portion of debt attributable to capital assets donated from governmental activities to business-type activities. Net position is reported as restricted in the government-wide financial statements when there are limitations on the use of assets through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

12. Use of estimates

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

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 governmental funds classified as the general fund and certain special revenue, debt service and capital projects funds.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, all department heads are required to submit to the Finance Director proposed operating budgets for the fiscal year commencing the following January 1. The operating budgets include proposed expenditures and the means of financing them.
2. The Finance Director, in turn, submits the proposed operating budgets to a tax levy committee composed of the Mayor, City Administrator, and a member of the City Council appointed by the City Council.
3. The tax levy committee introduces the proposed budget as amended and adjusted by the committee to the full City Council for their consideration at the first City Council meeting held in September.
4. At the second City Council meeting held in September the tax levy committee requests adoption of the proposed budget as amended and adjusted by the City Council and certifies the proposed general property tax levy to the County Auditor according to Minnesota Statutes.
5. Public meetings are held to obtain taxpayer input.
6. On or before December 28, the final budget is legally enacted by City Council resolution and the final property tax levy is certified to the County Auditor.

The City Council establishes the level of budgetary control, which is legally adopted on a fund and department basis. Any changes in the budget must be within the revenues and reserves estimated as available by the City Finance Director and must be approved by an affirmative vote of the majority of the City Council. Department heads of the City may make budgetary transfers between line items within departmental budgets without City Council approval.

Budgets are formally adopted for the General fund; the Port Authority, Public Library, Bigwood Event Center, Revolving Loan, Tax Increment Districts and Tax Abatement special revenue funds; the G.O. Port Authority 2019A, Permanent Improvement Revolving, G.O. Capital Improvement 2010A, G.O. Capital Improvement 2012C, G.O. Sales Tax Revenue 2017A, and G.O. Equipment Certificates 2020A debt service funds; and the Operations and the Airport Capital Improvement capital projects funds.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

A. Budgetary information (Continued)

Encumbrances are not used by the City. Budgeted expenditures lapse at year end with the exception of budgeted capital outlay and ice and snow removal expenditures in the General fund and certain special revenue funds. Unexpended budgets for capital outlay and ice and snow removal expenditures are reported as assigned fund balances.

Budget-to-actual statements are presented for the General fund and the Port Authority special revenue fund as part of the basic financial statements.

B. Expenditures in excess of appropriations

Expenditures exceeded appropriations in the following funds for the year ended December 31, 2021 as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Funds:			
Port Authority	\$299,716	\$303,973	\$4,257
Bigwood Event Center	39,500	94,423	54,923
Debt Service Funds:			
G.O. Capital Improvement 2012C	346,769	347,124	355
G.O. Equipment Certificates 2020A	38,600	38,612	12
Capital Project Fund:			
Operations	3,544,185	4,368,870	824,685
Airport Capital Improvement	730	428,680	427,950

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council. All such depositories are members of the Federal Reserve System.

Cash balances of the City's funds are combined (pooled) and invested to the extent available in various investments authorized by Minnesota State Statutes. Each fund's portion of this pool is displayed in the financial statements as cash and cash equivalents and investments. For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized below:

The following amounts are classified as restricted assets in the statement of net position: Governmental Activity customer deposits of \$41,864 and Waste Management financial assurance of \$3,041,388. The various restricted assets are included in deposits and investments.

Deposits

Custodial credit risk - deposits: As of December 31, 2021, the City's bank balance of \$8,687 was not exposed to custodial credit risk as it was appropriately insured and collateralized.

Investments

Custodial credit risk - investments: The City's investments are classified as insured or registered, or securities held by the City or its agent in the City's name.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City minimizes its credit risk by investing primarily in U.S. government backed securities. In accordance with the City's investment policy, the taxable municipal general obligation bonds are rated A or higher and the taxable municipal revenue bonds are rated AA or higher. The U.S. Agencies that are not explicitly guaranteed by the U.S. Government are rated Aaa. At December 31, 2021, the City's investment of \$397,773 in the Wells Fargo Government Money Market Fund is rated AAA by Standard & Poor's.

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

	Fair Value	Investment Maturities (in years)			
		<1	1-5	5-10	>10
U.S. Treasuries	\$10,597,224		\$8,543,971	\$2,053,253	
U.S. Agencies	15,370,594	223,998	3,693,369	3,256,480	8,196,747
Taxable Municipal - G.O. Bonds	3,899,456	175,433	1,585,853	1,644,682	493,488
Taxable Municipal - Revenue Bonds	268,051		137,546	54,552	75,953
Total	\$30,135,325	\$399,431	\$13,960,739	\$7,008,967	\$8,766,188

The City has an account with the Minnesota Municipal Money Market Fund (4M Fund). The 4M Fund is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool. As of December 31, 2021, the 4M Fund balance of the account was \$12,966,456 with a carrying value of \$12,367,572. The 4M Fund is valued at amortized cost, which approximates fair value. The carrying value is reported in the brokered mutual fund money market accounts. The 4M Fund is invested in accordance with State statutes for municipalities.

The City has the following recurring fair value measurements as of December 31, 2021:

- Investments of \$10,062,063 are valued using quoted market prices (Level 1 inputs)
- Investments of \$20,073,262 are valued using a matrix pricing model (Level 2 inputs)

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (Continued)

Balance of cash and investments at December 31, 2021, is as follows:

Total investments	\$30,135,325
Brokered mutual fund money market accounts	12,765,345
Change funds	7,530
Total deposits	<u>7,500</u>
TOTAL CASH AND INVESTMENTS	<u>\$42,915,700</u>
(Including cash equivalents)	
Cash and investments - Primary Government	\$42,126,695
Cash and investments - Fiduciary Funds	435,637
Cash and temporary cash investments of component units	<u>353,368</u>
TOTAL CASH AND INVESTMENTS - Reporting Entity	<u>\$42,915,700</u>
(Including cash equivalents)	

Cash and investments are classified in the Statement of Net Position and the Statement of Fiduciary Net Position as of December 31, 2021, as follows:

Cash and cash equivalents - Primary Government	\$11,408,118
Cash and cash equivalents - PEG Access	243,299
Cash and cash equivalents - Fergus Falls Convention and Visitor's Bureau, Inc.	110,069
Cash and cash equivalents - Custodial Funds	435,637
Investments	27,635,325
Restricted assets - cash and cash equivalents	583,252
Restricted assets - investments	<u>2,500,000</u>
TOTAL CASH AND INVESTMENTS	<u>\$42,915,700</u>

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

B. Capital assets

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$6,187,360				\$6,187,360
Intangible assets	232,170				232,170
Construction in progress	1,869,880	4,775,651	(1,336,677)	(6,819)	5,302,035
Total capital assets, not being depreciated	<u>\$8,289,410</u>	<u>\$4,775,651</u>	<u>(\$1,336,677)</u>	<u>(\$6,819)</u>	<u>\$11,721,565</u>
Capital assets, being depreciated:					
Buildings and systems	\$41,814,923	\$37,829			\$41,852,752
Improvements other than buildings	8,735,315	912,423			9,647,738
Machinery and equipment	16,681,158	2,101,981	(755,020)		18,028,119
Infrastructure	61,169,270	532,367	(150,562)		61,551,075
Total capital assets, being depreciated	<u>\$128,400,666</u>	<u>\$3,584,600</u>	<u>(\$905,582)</u>		<u>\$131,079,684</u>
Less accumulated depreciation for:					
Buildings and systems	\$13,256,196	\$1,074,149			\$14,330,345
Improvements other than buildings	3,516,893	279,216			3,796,109
Machinery and equipment	12,075,817	1,105,181	(504,051)		12,676,947
Infrastructure	33,615,757	1,219,478	(141,522)		34,693,713
Total accumulated depreciation	<u>\$62,464,663</u>	<u>\$3,678,024</u>	<u>(\$645,573)</u>		<u>\$65,497,114</u>
Total capital assets, being depreciated, net	<u>\$65,936,003</u>	<u>(\$93,424)</u>	<u>(\$260,009)</u>		<u>\$65,582,570</u>
Governmental activities capital assets, net	<u>\$74,225,413</u>	<u>\$4,682,227</u>	<u>(\$1,596,686)</u>	<u>(\$6,819)</u>	<u>\$77,304,135</u>
	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$692,222		(\$126,282)		\$565,940
Construction in progress	1,150,274	946,328	(1,372,496)	6,819	730,925
Total capital assets, not being depreciated	<u>\$1,842,496</u>	<u>\$946,328</u>	<u>(\$1,498,778)</u>	<u>\$6,819</u>	<u>\$1,296,865</u>
Capital assets, being depreciated:					
Buildings and systems	\$21,072,131	\$62,961			\$21,135,092
Improvements other than buildings	54,039,734	1,369,458			55,409,192
Machinery and equipment	2,922,850	335,174	(3,650)		3,254,374
Total capital assets, being depreciated	<u>\$78,034,715</u>	<u>\$1,767,593</u>	<u>(\$3,650)</u>		<u>\$79,798,658</u>
Less accumulated depreciation for:					
Buildings and systems	\$16,806,126	\$296,488			\$17,102,614
Improvements other than buildings	24,345,758	1,144,144			25,489,902
Machinery and equipment	1,734,745	118,211	(3,650)		1,849,306
Total accumulated depreciation	<u>\$42,886,629</u>	<u>\$1,558,843</u>	<u>(\$3,650)</u>		<u>\$44,441,822</u>
Total capital assets, being depreciated, net	<u>\$35,148,086</u>	<u>\$208,750</u>			<u>\$35,356,836</u>
Business-type activities capital assets, net	<u>\$36,990,582</u>	<u>\$1,155,078</u>	<u>(\$1,498,778)</u>	<u>\$6,819</u>	<u>\$36,653,701</u>

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

B. Capital assets (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Component unit - PEG Access:					
Capital assets, being depreciated:					
Improvements other than buildings	\$62,041				\$62,041
Machinery and equipment	140,477				140,477
Total capital assets, being depreciated	<u>\$202,518</u>				<u>\$202,518</u>
Less accumulated depreciation for:					
Improvements other than buildings	\$54,213	\$3,102			\$57,315
Machinery and equipment	107,974	17,333			125,307
Total accumulated depreciation	<u>\$162,187</u>	<u>\$20,435</u>			<u>\$182,622</u>
Component unit - PEG Access capital assets, being depreciated, net	<u>\$40,331</u>	<u>(\$20,435)</u>			<u>\$19,896</u>

Intangible assets: The City determined the value of internally generated computer software to be \$232,170 as of December 31, 2013. Retroactive reporting was implemented for the capitalization of the software. Due to the permanent nature of the software and its indefinite useful life, the City determined the software will not be amortized.

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

Governmental activities:

General government	\$256,833
Airport	234,310
Public safety	328,622
Streets and highways including depreciation of infrastructure	1,666,631
Culture and recreation	1,017,768
Economic development	168,446
Sanitation	<u>5,414</u>

Total depreciation expense - governmental activities

\$3,678,024

Business-type activities:

Waste Management	\$193,759
Liquor Store	39,861
Sewage Disposal	580,879
Water Department	544,962
Storm Water	<u>199,382</u>

Total depreciation expense - business-type activities

\$1,558,843

Component unit - PEG Access:

General government	<u>\$20,435</u>
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CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Commitments

The City has active projects as of December 31, 2021. The projects include trail and structure improvements to the riverfront corridor in the downtown area, street and infrastructure improvements, and public utility infrastructure. At year end, the City's commitments are as follows:

Project	Total Contract Amount	Spent-to-date	Remaining Commitment
Downtown Riverfront Improvements	\$4,054,332	\$2,783,515	\$1,270,817
Street Improvements:			
P.I. 5335	171,416	97,397	74,019
P.I. 5337	197,775	123,660	74,115
P.I. 5955	497,810	455,193	42,617
Water Plant - Rehab Reservoir No. 2	448,200	388,118	60,082
 Total	 <u>\$5,369,533</u>	 <u>\$3,847,883</u>	 <u>\$1,521,650</u>

D. Interfund receivables, payables, and transfers

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

Due to/from other funds:

Payable Fund	Receivable Fund					Payable Fund Sub Total
	General	Port Authority	Operations	Other Governmental Funds	Waste Management	
General			\$325,041	\$11,500	\$10,408	\$346,949
Port Authority	39		1,315,375			1,315,414
Operations		9,000				9,000
Other Govt Funds	4,002		5,424			9,426
Waste Management	119		25,796			25,915
Liquor Store	1,286		8,207			9,493
Sewage Disposal	342		200,381			200,723
Water Department	412		555,443		25,373	581,228
Storm Water			132,604			132,604
Internal Service	633					633
 Total	 <u>\$6,833</u>	 <u>\$9,000</u>	 <u>\$2,568,271</u>	 <u>\$11,500</u>	 <u>\$35,781</u>	 <u>\$2,631,385</u>

Payable Fund	Receivable Fund				Payable Fund Total
	Payable Fund Sub Total	Sewage Disposal	Storm Water	Internal Service	
General	\$346,949			\$271	\$347,220
Port Authority	1,315,414				1,315,414
Operations	9,000	2,399,656			2,408,656
Other Govt Funds	9,426	195,869			205,295
Waste Management	25,915	787			26,702
Liquor Store	9,493				9,493
Sewage Disposal	200,723				200,723
Water Department	581,228	18,686	15,950		615,864
Storm Water	132,604				132,604
Internal Service	633				633
 Total	 <u>\$2,631,385</u>	 <u>\$2,614,998</u>	 <u>\$15,950</u>	 <u>\$271</u>	 <u>\$5,262,604</u>

The due to/due from other fund balances represent borrowing to resolve deficit cash balances between the Operations capital projects fund and the Sewage Disposal fund (\$2,399,656) and the Airport Capital Improvement capital projects fund and the Sewage Disposal fund (\$195,869). The Port Authority owes the Operations capital projects fund for costs related to the Dairy Site cleanup (\$1,315,375). The other balances between funds are for reimbursements of operating and capital expenditures.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund receivables, payables, and transfers (Continued)

Advances to/from other funds:

Payable Fund	Receivable Fund		Purpose
	General Fund	Internal Service	
General		\$58,376	Funding for purchase of golf course equipment
Other Govt Funds	\$8,632		Funding for costs related to TIF District 4-12
Total	\$8,632	\$58,376	

Interfund transfers:

Transfer Out	Transfer In	Amount	Purpose
General	Port Authority	\$109,521	Funding capital projects
General	Operations	330,212	Funding capital projects
General	Other Govt Funds	20,000	Operations funding
General	Internal Service	8,975	Capital equipment funding
Operations	Other Govt Funds	490,655	Debt service funding
Other Govt Funds	General	2,397	Operations and capital funding
Other Govt Funds	Operations	966	Closing fund
Waste Management	General	244,300	Operations and capital funding
Liquor Store	General	640,638	Operations funding
Liquor Store	Operations	406,750	Capital funding
Liquor Store	Other Govt Funds	36,500	Operations and capital funding
Sewage Disposal	General	272,187	Operations and capital funding
Water Department	General	243,425	Operations and capital funding
Water Department	Operations	17,144	Capital funding
Storm Water	General	89,912	Operations and capital funding
Storm Water	Operations	20,415	Capital funding
Internal Service	General	142,811	Operations and capital funding
Total		\$3,076,808	

E. Leases

The City is the lessor in an operating lease for a building owned by the Fergus Falls Port Authority and leased to the State of Minnesota for the operation of a Community Behavioral Health Hospital. The original lease was extended for a term of ten years commencing October 1, 2016 and continuing through September 30, 2026. The monthly lease payments are \$17,746. The cost of the facility is \$3,976,110 with a carrying cost of \$2,556,089 as of December 31, 2021.

The City is the lessor in a capital lease for a building owned by the Fergus Falls Port Authority and leased to Lakes Country Service Cooperative for the operation of a Level IV Special Education Facility. The Fergus Falls Port Authority issued \$2,765,000 General Obligation Bonds, Series 2019A to finance the facility. The lease is for a term of thirty years commencing on July 1, 2019 and ending on June 30, 2049. The monthly lease payments are \$11,888 and are pledged to the payment of debt service on the bonds. The cost of the facility is \$2,813,644 with a carrying cost of \$2,708,132 as of December 31, 2021.

Future minimum lease payments:

2022	\$141,450
2023	141,550
2024	141,550
2025	138,950
2026	138,850

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

F. Fund Balances

	General	Special Revenue	Debt Service	Capital Projects Operations	Other	Total
		Port Authority	G.O. Port Authority 2019A		Governmental Funds	Governmental Funds
Nonspendable:						
Inventories	\$183,785					\$183,785
Prepaid items	51,145				1,998	53,143
Permanent fund principal					14,301	14,301
Restricted for:						
Bad debts					27,632	27,632
Canine program	3,253					3,253
CBHH capital maintenance		485,846				485,846
CBHH operations		28,672				28,672
Community Ice Arena	1,126,100					1,126,100
Debt service			42,708		1,099,094	1,141,802
E & G Noyes Park	441					441
Library expansion				427,749	766,426	1,194,175
Library purposes					45,088	45,088
Park improvements					5,702	5,702
Police forfeitures	112,745					112,745
Police programs	7,659					7,659
Public restrooms	7,876					7,876
Revolving loans					3,436,409	3,436,409
Street maintenance	798,307					798,307
Tax increment plans					141,357	141,357
Tri-centennial	9,136					9,136
Committed to:						
Airport capital improvements					291,668	291,668
Bigwood Event Center capital maintenance					151,498	151,498
Tax abatement - Dental Specialists					1,480	1,480
Tax abatement - Fergus Care Center					17,318	17,318
Tax abatement - Northstar					21,708	21,708
Tax abatement - Platte Properties					6,079	6,079
Tax abatement - Westridge Mall					134,308	134,308
Assigned to:						
Bigwood Event Center					99,807	99,807
Capital projects				1,972,723		1,972,723
Future capital outlay	1,197,924				104,228	1,302,152
Library operations					432,315	432,315
Park improvements					15,083	15,083
Port Authority operations		2,854,506				2,854,506
Regional Treatment Center	28,891					28,891
Revolving loans/ development projects					1,452,599	1,452,599
Snow removal	92,672					92,672
Unassigned	6,553,239					6,553,239
Total fund balances	\$10,173,173	\$3,369,024	\$42,708	\$2,400,472	\$8,266,098	\$24,251,475

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 4 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the City of Fergus Falls place a final cover on its municipal solid waste landfill, ash monocell, and demolition debris cell when closed and perform certain maintenance and monitoring functions at the sites for thirty years after closure. In addition to operating expenses related to current activities of these facilities, an expense provision and related liability have been recognized for future closure and postclosure care costs that will be incurred near or after the date they no longer accept waste. The recognition of these closure and postclosure costs is based on the portion of the total capacity used during each year. In 1993, the City of Fergus Falls closed its municipal solid waste landfill in accordance with EPA regulations for unlined landfills. The City determined that total closure costs would be \$1,022,851 and estimated that postclosure care costs would total \$354,000 for the thirty-year period. The unpaid liability for these costs was recognized in full at December 31, 1993, since the landfill was closed. The ash monocell was closed in 2006 after the City discontinued burning waste at the City’s Waste-to-Energy facility (incinerator). The demolition debris cell (permit SW 184) was 100 percent filled at December 31, 2010. Permit site SW 184 was officially closed in 2012. The City began operating the Phase I interim demolition debris cell under permit SW 184 which was changed to permit SW 572 upon approval from the State of Minnesota in 2011. The City initiated construction of a new landfill (permit SW 572) during 2010. As of December 31, 2021, 8.71 percent of the total capacity of the new site (permit SW 572) had been used. Permit SW 572 has an estimated 63 years of useful life remaining. The total estimated liability for landfill closure/postclosure costs of the two sites is as follows at December 31, 2021:

Municipal Solid Waste Landfill (SW 184)	
Estimated postclosure costs	\$755,170
Municipal Solid Waste Landfill (SW 572)	
Estimated closure/postclosure costs	128,653
	\$883,823

Remaining closure/postclosure costs for the demolition debris cell are estimated to be \$421,347 at December 31, 2021. The City of Fergus Falls will recognize the remaining estimated closure and postclosure care costs as the remaining estimated capacity is filled, and ultimately closed. The liability for permit SW 184 is based on estimated closure and postclosure costs approved by the State of Minnesota in 2008. The liability for permit SW 572 is based on engineering estimates. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by State law to maintain funding within a trust to finance closure and postclosure care of permit site SW 184. The contingency action funds of \$918,502 are also held within the trust for remediation of potential environmental hazards. The City is in compliance with the State requirements and at December 31, 2021, funds of \$3,041,388 are held for these purposes. The funds are reported as restricted assets in the statement of net position. The City expects that future inflation costs will be paid from investment earnings on the trust. However, if investment earnings are inadequate or additional postclosure care requirements are determined; the costs may need to be covered by future utility revenues.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 5 - LONG-TERM DEBT

A. General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and infrastructure. General obligation bonds have been issued for both governmental and business-type activities. Bonds issued to provide funds for proprietary activities are reported within business-type activities if they are expected to be repaid from proprietary revenues. In addition, general obligation bonds have been issued to refund general obligation bonds and general obligation revenue bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation sales tax revenue bonds are expected to be repaid from a local option sales tax and contributions. Improvement bonds are expected to be repaid from assessments to the benefited properties, general property tax levies, and transfers from proprietary funds. General obligation Port Authority bonds are expected to be repaid from general property tax levies and lease payments from building tenants.

Summary of General Obligation Bonds Payable as of December 31, 2021

<u>Purpose</u>	<u>Original Issue</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Balance</u>
Governmental activities				
Capital Improvement	\$3,955,000	2022-2032	2.00-4.00	\$3,670,000
Equipment Certificates	400,000	2022-2029	2.00-4.00	375,000
Sales Tax Revenue Bonds	7,055,000	2022-2023	4.00	2,010,000
Improvement	2,970,000	2022-2035	1.60-5.00	1,960,000
Port Authority	5,091,416	2022-2049	0.00-4.00	4,976,417
Total governmental activities				<u>\$12,991,417</u>
Business-type activities				
G.O. Revenue Bonds	\$5,100,000	2022-2038	2.00-5.00	<u>\$4,690,000</u>
Total general obligation bonds				<u>\$17,681,417</u>

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$1,900,187	\$359,515	\$375,000	\$158,144
2023	1,751,647	299,996	390,000	144,906
2024	876,647	238,379	400,000	131,094
2025	756,647	214,196	425,000	116,756
2026	781,647	188,719	400,000	98,881
2027-2031	3,508,239	625,673	1,495,000	309,531
2032-2036	1,801,403	317,187	1,050,000	104,044
2037-2041	620,000	189,791	155,000	7,932
2042-2046	590,000	106,050		
2047-2049	405,000	18,525		
Total	<u>\$12,991,417</u>	<u>\$2,558,031</u>	<u>\$4,690,000</u>	<u>\$1,071,288</u>

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 5 - LONG-TERM DEBT (Continued)

A. General obligation bonds (Continued)

The Fergus Falls Port Authority issued \$1,460,000 General Obligation (G.O.) Bonds, Series 2021A, dated October 21, 2021 to finance improvements to the downtown riverfront corridor. The City pledged its full faith and credit for payment of the bonds.

B. Other long-term liabilities

<u>Purpose</u>	<u>Original Issue</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Balance</u>
Governmental activities				
Loans and contracts	\$76,591	2022	5.45	\$16,108
USDA loan payable	900,000	2022-2023	1.00	<u>72,735</u>
Total governmental activities				<u><u>\$88,843</u></u>

Annual debt service requirements to maturity for other long-term liabilities payable are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$52,396	\$1,605
2023	<u>36,447</u>	<u>364</u>
Total	<u><u>\$88,843</u></u>	<u><u>\$1,969</u></u>

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 5 - LONG-TERM DEBT (Continued)

C. Changes in long-term liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
G.O. Capital Improvement	\$3,955,000		\$285,000	\$3,670,000	\$300,000
G.O. Equipment Certificates	400,000		25,000	375,000	40,000
G.O. Sales Tax Revenue Bonds	3,135,000		1,125,000	2,010,000	1,110,000
G.O. Improvement	2,375,000		415,000	1,960,000	375,000
Port Authority	2,971,124	2,060,293	55,000	4,976,417	75,187
Bond premium	1,012,555	5,204	145,110	872,649	
Loans and contracts	31,382		15,274	16,108	16,108
USDA loan payable	108,662		35,927	72,735	36,288
Compensated absences	1,320,361		576,107	1,368,595	619,303
Governmental activity					
Long-term liabilities	<u>\$15,309,084</u>	<u>\$2,689,838</u>	<u>\$2,677,418</u>	<u>\$15,321,504</u>	<u>\$2,571,886</u>
Business-type activities:					
Bonds payable:					
G.O. Revenue Bonds	\$5,010,000		\$320,000	\$4,690,000	\$375,000
G.O. Revenue Bonds Premium	459,848		54,880	404,968	
Compensated absences	408,420	230,856	227,704	411,572	216,369
Liability for landfill closure/postclosure	922,060	30,833	69,070	883,823	50,000
Business-type activities					
Long-term liabilities	<u>\$6,800,328</u>	<u>\$261,689</u>	<u>\$671,654</u>	<u>\$6,390,363</u>	<u>\$641,369</u>
Component unit - PEG Access:					
Compensated absences	<u>\$7,141</u>	<u>\$3,410</u>	<u>\$1,208</u>	<u>\$9,343</u>	<u>\$4,547</u>
Component unit - FF CVB:					
Compensated absences	<u>\$5,340</u>	<u>\$4,691</u>	<u>\$5,483</u>	<u>\$4,548</u>	<u>\$3,993</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$21,201 of internal service funds compensated absences are included in the above amounts. In addition, for governmental activities, compensated absences are generally liquidated by the General fund.

For governmental activities, the General fund has liquidated the net other post employment benefit obligation and net pension liability.

Tax increment revenue notes

Tax increment revenue notes payable are not considered general obligations of the City as repayment to the developer(s) occurs if, and only if, sufficient taxes are generated and paid by finance district project(s).

Conduit debt obligations

From time to time the City of Fergus Falls has issued conduit private activity bonds to provide financial assistance to private-sector entities, including non-profit organizations, for the acquisition and construction of industrial and commercial facilities and facilities serving the charitable purposes of non-profit organizations. The bonds are secured by the property financed and are payable solely from the payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the City does not report the bonds as liabilities in the accompanying financial statements. As of December 31, 2021 there were ten issues outstanding with a total principal amount payable of \$31,327,310.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; or natural disasters. The City participates with other cities in the League of Minnesota Cities Insurance Trust (LMCIT) to provide its general liability and property coverage and to provide workers' compensation insurance for its employees. Health care coverage for employees is provided by the City through Lakes Country Service Cooperative (as discussed in Section D, Other employee benefits).

The City's general liability policy is on a claims-made basis with a deductible of \$10,000 per occurrence and an annual aggregate deductible of \$20,000 and provides for a limit of \$2 million in liability coverage with \$3 million in aggregate. For the year ending December 31, 2021, premiums for liability and property coverage totaled \$169,335 and \$209,096, respectively. The City also provides a blanket dishonesty policy, which includes a faithful performance bond on all employees up to \$250,000. The City's Municipal Liquor Store general liability/liquor liability policy is included within the LMCIT package, which provides for \$1 million of coverage per occurrence and an aggregate of \$1 million. The cost for the liquor store liability coverage in 2021 was \$6,582.

The City also participates in the LMCIT for its workers' compensation insurance program, which is administered by a third-party, Berkley Administrators. The City has selected the guaranteed premium option for workers' compensation to reduce the risk in fluctuation of premiums. The cost to the City for workers' compensation for the year ended December 31, 2021, was \$310,775.

The City continued to carry commercial insurance for standard liability, liquor store liability, property and automotive, and workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. In 2021, there was no significant reduction in insurance coverage.

B. Contingent liabilities

The City participates in a number of Federal and State assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of certain programs for various periods prior to or including the year ended December 31, 2021, have not yet been accepted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans

The City participates in various pension plans. Total pension expense for the year ended December 31, 2021 was (\$300,877) [PERA (\$82,708), PEPFF (\$98,807), DCP \$3,375 and the Fergus Falls Fire Department Relief Association (\$122,737)]. The components of pension expense are noted in the following plan summaries.

1. Defined benefit pension plans – statewide employees plan

a. Plan description

The City of Fergus Falls participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax-qualified plans under Section 401 (a) of the Internal Revenue Code.

1. General Employees Retirement Plan

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

2. Public Employees Police and Fire Plan

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

b. Benefits provided

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

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

1. Defined benefit pension plans – statewide employees plan (Continued)

b. Benefits provided (Continued)

1. General Employees Plan benefits

General Employees Plan benefits are based on a member's highest salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for coordinated members is 1.20 percent of average salary for each of the first ten years of service and 1.70 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.70 percent of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50.00 percent of the cost-of-living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and a maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. Police and Fire Plan benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50.00 percent after five years up to 100.00 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50.00 percent after ten years up to 100.00 percent after twenty years of credited service. The annuity accrual rate is 3.00 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

1. Defined benefit pension plans – statewide employees plan (Continued)

b. Benefits provided (Continued)

2. Police and Fire Plan benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase will be fixed at 1.00 percent. 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. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

c. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the State legislature.

1. General Employees Fund contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in calendar year 2021 and the City of Fergus Falls was required to contribute 7.50 percent for Coordinated Plan members. The City of Fergus Falls' contributions to the General Employees Fund for the year ended December 31, 2021, were \$458,714. The City of Fergus Falls' contributions were equal to the required contributions as set by State statute.

2. Police and Fire Fund contributions

Police and Fire Plan members were required to contribute 11.80 percent of their covered salary in fiscal year 2021 and the City of Fergus Falls was required to contribute 17.70 percent for Police and Fire Plan members. The City of Fergus Falls' contributions to the Police and Fire Fund for the year ended December 31, 2021, were \$406,006. The City of Fergus Falls' contributions were equal to the required contributions as set by State statute.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

1. Defined benefit pension plans – statewide employees plan (Continued)

d. Pension costs

1. General Employees Fund pensions costs

At December 31, 2021, the City of Fergus Falls reported a liability of \$3,437,711 for its proportionate share of the General Employees Fund’s net pension liability. The City of Fergus Falls’ 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 of Fergus Falls totaled \$104,907. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Fergus Falls’ proportionate share of the net pension liability was based on the City of Fergus Falls’ contributions received by PERA during the measurement period for the employer payroll dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA’s participating employers. The City of Fergus Falls’ proportionate share was .0805 percent at the end of the measurement period and .0847 percent for the beginning of the period.

City of Fergus Falls' proportionate share of the net pension liability	\$3,437,711
State of Minnesota's proportionate share of the net pension liability associated with the City of Fergus Falls	<u>104,907</u>
Total	<u><u>\$3,542,618</u></u>

For the year ended December 31, 2021, the City of Fergus Falls recognized pension expense of (\$82,708) for its proportionate share of the General Employee Retirement Plan’s pension expense. Included in this amount, the City of Fergus Falls recognized an additional \$8,464 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$16 million to the General Employees Fund.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

1. Defined benefit pension plans – statewide employees plan (Continued)

d. Pension costs (Continued)

1. General Employees Fund pension costs (Continued)

At December 31, 2021, the City of Fergus Falls 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	\$22,327	\$105,838
Changes in actuarial assumptions	2,098,995	80,131
Difference between projected and actual investment earnings		2,967,510
Changes in proportion		248,455
Contributions paid to PERA subsequent to the measurement date	221,883	
Total	\$2,343,205	\$3,401,934

The \$221,883 reported as deferred outflows of resources related to pensions resulting from the City of Fergus Falls’ contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Pension Expense Amount
2022	(\$269,645)
2023	(115,282)
2024	(83,645)
2025	(812,040)
Total	(\$1,280,612)

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

1. Defined benefit pension plans – statewide employees plan (Continued)

d. Pension costs (Continued)

2. Police and Fire Fund pension costs

At December 31, 2021, the City of Fergus Falls reported a liability of \$1,394,570 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Fergus Falls’ proportionate share of the net pension liability was based on the City of Fergus Falls’ contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA’s participating employers. The City of Fergus Falls’ proportionate share was .1828 percent at the end of the measurement period and .1936 percent for the beginning of the period.

The State of Minnesota also contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2020. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90.00 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90.00 percent funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota’s pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City of Fergus Falls recognized pension expense of (\$98,807) for its proportionate share of the Police and Fire Plan’s pension expense. Included in this amount, the City of Fergus Falls recognized \$11,552 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.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

1. Defined benefit pension plans – statewide employees plan (Continued)

d. Pension costs (Continued)

2. Police and Fire Fund pension costs (Continued)

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City of Fergus Falls recognized \$16,452 for the year ended December 31, 2021 as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund.

At December 31, 2021, the City of Fergus Falls reported its proportionate share of the Police and Fire 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	\$274,697	
Changes in actuarial assumptions	2,073,834	787,553
Difference between projected and actual investment earnings		2,678,554
Changes in proportion	64,344	172,352
Contributions paid to PERA subsequent to the measurement date	196,673	
Total	\$2,609,548	\$3,638,459

The \$196,673 reported as deferred outflows of resources related to pensions resulting from the City of Fergus Falls’ contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

1. Defined benefit pension plans – statewide employees plan (Continued)

d. Pension costs (Continued)

2. Police and Fire Fund pension costs (Continued)

Year ended December 31,	Pension Expense Amount
2022	(\$987,368)
2023	(177,097)
2024	(182,190)
2025	(309,198)
2026	430,269
Total	(\$1,225,584)

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. The 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	33.50%	5.10%
International Equity	16.50%	5.30%
Fixed Income	25.00%	0.75%
Private Markets	25.00%	5.90%
Total	100.00%	

f. Actuarial methods and assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.50 percent. This

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

1. Defined benefit pension plans – statewide employees plan (Continued)

f. Actuarial methods and assumptions (Continued)

assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates deemed reasonable by the actuary. An investment return of 6.50 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1.00 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 29 years of service and 6.00 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.00 percent after 24 years of service.

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

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

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

General Employees fund:

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

1. Defined benefit pension plans – statewide employees plan (Continued)

f. Actuarial methods and assumptions (Continued)

- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in plan provisions

- There were no changes in plan provisions since the previous valuation.

Police and Fire fund:

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption rate was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- 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-2016 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitants mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increases were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

1. Defined benefit pension plans – statewide employees plan (Continued)

f. Actuarial methods and assumptions (Continued)

- Assumed percent married for active female members was changed from 60.00 percent to 70.00 percent. Minor changes to form of payment assumptions were applied.

Changes in plan provisions:

- There have been no changes since the prior valuation.

g. Discount rate

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

h. Pension liability sensitivity

The following presents the City of Fergus Falls’ 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 of Fergus Falls’ proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

Sensitivity of Net Pension Liability/(Asset) at Different Discount Rates				
	General Employees Fund		Police and Fire Fund	
1.00% Lower	5.50%	\$7,011,175	5.50%	\$4,463,305
Current Discount Rate	6.50%	3,437,711	6.50%	1,394,570
1.00% Higher	7.50%	505,465	7.50%	(1,121,032)

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

1. Defined benefit pension plans – statewide employees plan (Continued)

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.

2. Defined contribution plan

Seven council members and the Mayor of the City of Fergus Falls are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5.00 percent of salary, which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and twenty-five hundredths of 1.00 percent (.25 percent) of the assets in each member's account annually.

Pension expense for the year is equal to the contributions made by the employer. Total contributions made by the City of Fergus Falls during fiscal year 2021 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$3,375	\$3,375	5.00%	5.00%	5.00%

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

3. Defined benefit pension plan – volunteer fire fighter's relief association

a. Plan description

The Fergus Falls Fire Department Relief Association is the administrator of a single employer defined benefit pension plan established to provide benefits for members of the Fergus Falls Fire Department per Minnesota State Statutes.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Fergus Falls Fire Department Relief Association, 325 East Washington Avenue, Fergus Falls, MN 56537 or by calling (218) 736-6983.

b. Benefits provided

Volunteer fire fighters of the City are members of the Fergus Falls Fire Department Relief Association. Any member who has completed at least ten years of active membership in the Association and who separates from active service as a fire fighter after attaining the minimum retirement age of 50 is eligible for a lump sum retirement benefit. After ten years of active service, a member is entitled to 60.00 percent of \$5,550 multiplied by the number of years of service. This amount is increased by 4.00 percent a year until 20 years of active service have been completed. After 20 year of active service, a member is entitled to the full \$5,550 multiplied by the number of years served. Upon death of any member in good standing, the survivor or estate of the deceased is entitled to receive \$5,550 for each year of active service of that member. In the event that the death occurs after the member has terminated or retired from the Association, only the vested portion of the pension shall be distributed. These benefit provisions and all other requirements are consistent with enabling State statutes.

c. Employees covered by benefit terms

At January 1, 2021, the following volunteers were covered by the benefit terms:

Vested terminated and transfers	9
Active	<u>37</u>
	46

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

3. Defined benefit pension plan – volunteer fire fighter's relief association (Continued)

d. 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 an on-behalf payment of \$106,280 made by the State of Minnesota for the Relief Association

e. Net pension liability

The City's net pension liability was measured as of January 1, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

1. Actuarial assumptions

The total pension liability in the January 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	5.50 percent
Salary increase	2.50 percent
Investment rate of return	5.50 percent

The value of death benefits is similar to the value of the retirement pension. Because of low retirement ages, the plan assumes no pre-retirement mortality. Post-retirement mortality does not apply, as the benefit structure and form of payment do not reflect lifetime benefits.

The long-term return on assets has been set based on the plan's target investment allocation along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered. The Association's investment policy provides for the following parameters:

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

3. Defined benefit pension plan – volunteer fire fighter's relief association (Continued)

e. Net pension liability (Continued)

1. Actuarial assumptions (Continued)

- No more than 15.00 percent of the overall portfolio may be invested in securities of a single issuer except for the U.S. Treasury.
- No more than 75.00 percent of the Relief Association's assets shall be invested in equity securities or equity mutual funds.
- No more than 75.00 percent of the Relief Association's assets shall be invested in debt securities or debt securities mutual funds.

2. Discount rate

The discount rate used to measure the total pension liability was 5.50 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate. The equivalent single rate is the discount rate.

3. Changes in plan provisions

The benefit level changed from \$5,150 to \$5,550 per year of active service.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

3. Defined benefit pension plan – volunteer fire fighter's relief association (Continued)

e. Net pension liability (Continued)

4. Changes in the net pension liability

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2020 plan year	\$1,607,262	\$2,814,572	(\$1,207,310)
Changes from the prior year:			
Service cost	\$91,890		\$91,890
Interest cost	91,689		91,689
Plan changes	98,206		98,206
Non-employer contributions		100,962	(100,962)
Projected investment return		155,649	(155,649)
Gain or loss	(5,306)	317,320	(322,626)
Benefit payments	(64,173)	(64,173)	
Administrative expenses		(5,970)	5,970
Total net changes	\$212,306	\$503,788	(\$291,482)
Balances at December 31, 2020 plan year	<u>\$1,819,568</u>	<u>\$3,318,360</u>	<u>(\$1,498,792)</u>

5. Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 5.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.50 percent) or 1 percentage point higher (6.50 percent) than the current rate:

	1% Decrease (4.50%)	Current Rate (5.50%)	1% Increase (6.50%)
City's net pension liability/(asset)	(\$1,427,443)	(\$1,498,792)	(\$1,567,584)

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

3. Defined benefit pension plan – volunteer fire fighter's relief association (Continued)

e. Net pension liability (Continued)

6. Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued relief association financial report.

f. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended December 31, 2021, the City recognized pension expense of (\$122,737). At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions made after the measurement date	\$106,280	
Investment gains		406,218
Liability gains		72,128
Assumption changes		30,148
Total deferred outflows/inflows of resources	\$106,280	\$508,494

The \$106,280 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	
2022	(\$149,329)
2023	(114,864)
2024	(152,216)
2025	(68,235)
2026	(4,771)
Thereafter	(19,079)
Total	(\$508,494)

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

3. Defined benefit pension plan – volunteer fire fighter's relief association (Continued)

g. Payable to the pension plan

At December 31, 2021, there was no City contribution required for the Fergus Falls Fire Department Relief Association.

D. Other employee benefits

The City participates in the Lakes Country Service Cooperative (LCSC) to purchase health insurance for City employees. LCSC consists of area cities, counties, and school districts, which purchase insurance in one large pool, thereby minimizing the risk of fluctuating premiums. The City offers the employees four health insurance plans.

Two of the health insurance plans are Comprehensive Major Medical (CMM) Plans with 70.00 percent coverage limits. The two 70.00 percent CMM Plans are \$500 and \$1,000 deductible plans for single and family coverage, respectively. One of the 70.00 percent CMM Plans allows the employee to visit any health care provider within the entire network to receive maximum benefits, while the other 70.00 percent CMM Plan is a restricted network plan.

The other two health insurance plans are \$3,250/\$6,500 high deductible health plans with HSAs. One plan allows the employee to visit any healthcare provider while the other is a restricted network plan.

Employer HSA contributions:

- \$500 if enrolled in Single Aware plan
- \$700 if enrolled in Single Blue Connect plan
- \$615 if enrolled in Family Blue Connect plan

Expenditures for health insurance premiums recognized in the various funds for the year ended December 31, 2021, totaled \$1,731,652.

The City also provides a life insurance policy for all full-time City employees and on-call firefighters. Expenditures for life insurance premiums recognized in the various funds for the year ended December 31, 2021, totaled \$9,765.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

D. Other employee benefits (Continued)

In 1991, the City established a flexible benefit plan under Internal Revenue Code Section 125. The plan allows employees to pay for dependent care, medical expenses, and health and outside insurance with pre-tax dollars.

In 2021, the City had the following participation:

	No. Employees Who Elected Benefit	Total Dollar Amount Reclassified
Health Insurance premiums	44	\$116,761
Variable expenses:		
Dependent care assistance (DCA)	4	17,600
Out-of-pocket (Health FSA)	27	41,157
Total Election		\$175,518

E. Postemployment healthcare plan

1. Plan description

The City’s defined benefit OPEB Plan provides a single-employer defined benefit healthcare plan to eligible retirees and their spouses. The plan offers medical coverage. Medical coverage is administered by Lakes Country Service Cooperative (LCSC). No assets are accumulated in a trust. Financial information in the form of accounting records for the OPEB Plan is available from the City located at 112 West Washington Avenue, Fergus Falls, Minnesota. The accounting records are audited as a part of the basic financial statements. Separate financial statements have not been issued for the OPEB Plan.

2. Benefits provided

City employees and spouses retiring from service are allowed to remain on the healthcare plan at their own cost.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

E. Postemployment healthcare plan (Continued)

3. Contributions

Retirees and their spouses contribute to the healthcare plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with LCSC. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2021, the city contributed \$50,768 to the plan.

4. Members

As of January 1, 2021, there were approximately 123 active employees and 7 retirees and family members receiving health benefits from the City's health plan.

5. Actuarial Assumptions

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

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount rate	2.00 percent
20-year municipal bond yield	2.00 percent
Salary increases	Based on PERA experience studies
Inflation	2.00 percent
Medical trend rate	6.50 percent as of January 1, 2021, grading to 5.00 percent over 6 years and then 4.00 percent over the next 48 years
Mortality assumption	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2020 – December 31, 2020.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

E. Postemployment healthcare plan (Continued)

6. Total OPEB Liability

The City’s total OPEB liability of \$719,981 was measured as of January 1, 2021 and was determined by an actuarial valuation as of January 1, 2021.

Changes in the total OPEB liability are as follows:

	<u>Total OPEB Liability</u>
Balances at January 1, 2020 plan year	<u>\$829,072</u>
Changes for the year	
Service cost	48,484
Interest cost	32,300
Assumption changes	45,435
Plan changes	11,935
Differences between expected and actual experience	(191,634)
Benefit payments	<u>(55,611)</u>
Net changes	<u>(109,091)</u>
Balances at December 31, 2020 plan year	<u><u>\$719,981</u></u>

Benefit Changes:

- An early retirement incentive was offered to one Confidential employee that required the City to pay for their monthly medical premiums through July 31, 2021.

Assumption Changes:

- 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 General Improvement Scale.
- The inflation rate was changed from 2.50 percent to 2.00 percent.
- The retirement and withdrawal tables for non-public safety employees were updated.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

E. Postemployment healthcare plan (Continued)

6. Total OPEB Liability (Continued)

- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates, which vary, by service and contract group.
- The discount rate was changed from 3.80 percent to 2.00 percent.

7. OPEB Liability Sensitivity

The following presents the City’s total OPEB liability calculated using the discount rate of 2.00 percent as well as the liability measured using 1.00 percent lower and 1.00 percent higher than the current discount rate.

Total OPEB Liability/(Asset)		
1.00 percent decrease (1.00 percent)	Current (2.00 percent)	1.00 percent increase (3.00 percent)
\$770,314	\$719,981	\$672,203

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 1.00 percent lower and 1.00 percent higher than the current healthcare cost trend rates.

1.00 percent decrease (5.50 percent decreasing to 4.00 percent then 3.00 percent)	Current (6.50 percent decreasing to 5.00 percent then 4.00 percent)	1.00 percent increase (7.50 percent decreasing to 6.00 percent then 5.00 percent)
\$647,555	\$719,981	\$805,232

8. OPEB Expense and Deferred Outflows of Resources and Deferred Inflow of resources Related to OPEB

For the year ended December 31, 2021, the City recognized OPEB expense of \$74,780. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

E. Postemployment healthcare plan (Continued)

8. OPEB Expense and Deferred Outflows of Resources and Deferred Inflow of resources Related To OPEB (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City contributions made after the measurement date	\$50,768	
Liability gains		164,258
Liability losses	23,000	
Assumption changes	<u>38,944</u>	<u>11,215</u>
Total	<u><u>\$112,712</u></u>	<u><u>\$175,473</u></u>

The \$50,768 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2022	(\$17,939)
2023	(17,939)
2024	(17,939)
2025	(17,942)
2026	(20,886)
2027	<u>(20,884)</u>
Total	<u><u>(\$113,529)</u></u>

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

F. Significant event

The City obtained ownership of the Regional Treatment Center (RTC) campus from the State of Minnesota effective June 30, 2007. An appraisal was performed resulting in a negative asset value; therefore, the amount has not been included within the financial statements. The State of Minnesota allocated funds for the City of Fergus Falls to use for deconstruction and infrastructure related to redevelopment of the campus. During 2011, the City sold two parcels of the campus and redevelopment of those parcels was initiated during 2014. During 2015, the City designated the 13 acres located in front of the RTC as Kirkbride Park. The park had a fair market value of \$370,000 and was included in capital assets. The City constructed utility infrastructure improvements during 2016, which were included in capital assets and performed preservation projects to select buildings. During the 2018 legislative session, the State of Minnesota allocated \$3,500,000 to the City for further deconstruction of buildings located behind the U-shaped building and preservation of remaining buildings. This appropriation may not be used to demolish the central tower or the U-shaped building connected to the central tower. The phase 2 deconstruction was complete as of December 31, 2020. The City continues to work with potential developers for reuse of the remaining campus. The City is required to remit any sales proceeds (net of expenses) to the State of Minnesota.

G. Tax abatement agreements

The City has entered into tax abatement agreements, which meet the criteria for disclosure under Government Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The City's authority to enter into these agreements comes from Minnesota Statute 469. The City entered into these agreements for the purpose of economic development and specific housing needs.

The City entered into a tax abatement agreement with Platte Properties, LLC on April 1, 2016 for the construction of a 24-unit market rate housing project and walking/bike trail. The tax abatement levy began in 2018 and is for 100.00 percent of the City's share of real estate taxes derived from the tax abatement property in the semiannual amount not to exceed \$9,000 for a 15-year term and an aggregate amount of \$270,000.

The City entered into a tax abatement agreement with Fergus Care Center, LLC on July 16, 2018 for the acquisition and renovation of an existing building located at 1010 Maryland Lane, in the City of Fergus Falls. The building is leased by Fergus Care Center, LLC to the State of Minnesota Department of Health and Human Services. The tax abatement levy began 2020 and will be for 100.00 percent of the City's share of real estate taxes derived from the tax abatement property in the semiannual amount not to exceed \$7,500 for a 6-year term and an aggregate amount of \$90,000.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

G. Tax abatement agreements (Continued)

The City entered into a tax abatement agreement with Northstar Behavioral Health, LLC on September 1, 2019 for the lease and renovation of an existing building located at 1174 Western Avenue, in the City of Fergus Falls. The building will be used to operate chemical dependency and mental health services. The tax abatement levy began in 2021 and will be for 100.00 percent of the City’s share of real estate taxes derived from the tax abatement property payable semiannually over a 10-year term and an aggregate amount of \$381,240.

The City approved a tax abatement agreement with Dental Specialists of Fergus Falls, LLC on November 1, 2021 for the renovation of a vacant commercial property located at 215 North Tower Road, in the City of Fergus Falls. The building will be used for a large scale, multi-specialty dental facility. The City anticipates the tax abatement levy will begin in 2024 and will be for a portion of the City’s share of real estate taxes derived from the taxable property payable semiannually over a 9.5-year term and an aggregate amount of \$111,000.

H. Tax increment financing

The City has entered into seven Tax Increment financing agreements, which meet the criteria for disclosure under Government Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The City’s authority to enter into these agreements comes from Minnesota Statute 469. The City entered into these agreements for the purpose of economic development and specific housing needs.

Under each agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City through tax revenues from the additional taxable value of the property generated by the development (tax increment). A “pay-as-you-go” note is established for this amount, on which the City makes payments for a fixed period of time with available tax increment revenue after deducting for certain administrative costs.

During the year ended December 31, 2021, the City generated \$235,289 in tax increment from the Tax Increment districts and made \$221,434 in payments to the developers.

I. New standards issued but not yet implemented

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

CITY OF FERGUS FALLS, MINNESOTA
Notes to Financial Statements
December 31, 2021

NOTE 6 – OTHER INFORMATION (Continued)

I. New standards issued but not yet implemented (Continued)

GASB Statement No. 96, Subscription-Based Information Technology Arrangements provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) provides required note disclosures regarding a SBITA. This statement will be effective for the year ending December 31, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF FERGUS FALLS, MINNESOTA
Required Supplementary Information
Schedule of Changes in Total OPEB Liability
and Related Ratios

	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>
Total OPEB Liability				
Service cost	\$43,116	\$38,498	\$39,653	\$48,484
Interest cost	24,726	25,624	31,189	32,300
Assumption changes		(19,627)		45,435
Plan changes				11,935
Differences between expected and actual experience		40,253		(191,634)
Benefit payments	<u>(34,114)</u>	<u>(37,980)</u>	<u>(45,352)</u>	<u>(55,611)</u>
Net change in total OPEB liability	<u>\$33,728</u>	<u>\$46,768</u>	<u>\$25,490</u>	<u>(\$109,091)</u>
Beginning of year	<u>\$723,086</u>	<u>\$756,814</u>	<u>\$803,582</u>	<u>\$829,072</u>
End of year	<u><u>\$756,814</u></u>	<u><u>\$803,582</u></u>	<u><u>\$829,072</u></u>	<u><u>\$719,981</u></u>
Covered-employee payroll	\$7,585,733	\$7,894,102	\$8,130,925	\$7,674,286
Total OPEB liability as a percentage of covered-employee payroll	9.98%	10.18%	10.20%	9.38%

The City implemented the Provisions of Governmental Accounting Standards Board Statement No. 75 for the year ended December 31, 2018. The schedules within the Required Supplementary Information section require a ten-year presentation, but do not require retroactive reporting.

See notes to required supplementary information.

CITY OF FERGUS FALLS, MINNESOTA
Required Supplementary Information
Schedule of City's Proportionate Share
of Net Pension Liability
Last Ten Years General Employees Retirement Plan

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share 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	0.0852%	\$4,415,506		\$4,415,506	\$4,922,973	89.69%	78.19%
2016	0.0847%	6,877,217	89,813	6,967,030	5,256,253	130.84%	68.90%
2017	0.0869%	5,547,639	69,760	5,617,399	5,598,587	99.09%	75.90%
2018	0.0886%	4,915,165	161,215	5,076,380	5,952,187	82.58%	79.50%
2019	0.0851%	4,704,988	146,327	4,851,315	6,023,667	78.11%	80.20%
2020	0.0847%	5,078,152	156,571	5,234,723	6,042,840	84.04%	79.10%
2021	0.0805%	3,437,711	104,907	3,542,618	5,792,627	59.35%	87.00%

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

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share 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	0.1890%	\$2,147,482			\$1,682,667	127.62%	86.61%
2016	0.1890%	7,584,899			1,820,401	416.66%	63.90%
2017	0.1850%	2,497,720			1,894,327	131.85%	85.40%
2018	0.1871%	1,994,293			1,971,704	101.15%	88.80%
2019	0.1974%	2,074,874			2,036,006	101.91%	89.30%
2020	0.1936%	2,534,431	60,129	2,594,560	2,138,638	118.51%	87.20%
2021	0.1828%	1,394,570	63,430	1,458,000	2,160,616	64.55%	93.70%

The City implemented the Provisions of Governmental Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. The schedules within the Required Supplementary Information section require a ten-year presentation, but do not require retroactive reporting.

See notes to required supplementary information.

CITY OF FERGUS FALLS, MINNESOTA
Required Supplementary Information
Schedule of City Contributions
General Employees Retirement Plan
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	\$383,043	\$383,043		\$5,107,240	7.50%
2016	404,283	404,283		5,390,440	7.50%
2017	436,251	436,251		5,816,680	7.50%
2018	451,648	451,648		6,021,973	7.50%
2019	453,503	453,503		6,046,707	7.50%
2020	446,454	446,454		5,952,718	7.50%
2021	458,714	458,714		6,116,185	7.50%

Schedule of City Contributions
Public Employees Police and Fire Plan
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	\$284,750	\$284,750		\$1,757,716	16.20%
2016	301,018	301,018		1,858,136	16.20%
2017	313,333	313,333		1,934,154	16.20%
2018	325,211	325,211		2,007,475	16.20%
2019	366,578	366,578		2,162,702	16.95%
2020	386,732	386,732		2,184,924	17.70%
2021	406,006	406,006		2,294,099	17.70%

The City implemented the Provisions of Governmental Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. The schedules within the Required Supplementary Information section require a ten-year presentation, but do not require retroactive reporting.

See notes to required supplementary information.

CITY OF FERGUS FALLS, MINNESOTA
Required Supplementary Information
Schedule of Changes in Net Pension Liability
and Related Ratios - Fergus Falls Fire Department Relief Association

	Measurement Date <u>12/31/2014</u>	Measurement Date <u>12/31/2015</u>	Measurement Date <u>12/31/2016</u>
Total Pension Liability (TPL)			
Service cost	\$63,811	\$69,494	\$67,041
Interest cost	101,369	99,874	105,544
Assumption changes			(80,398)
Plan changes			14,948
Gain or loss			(77,854)
Benefit payments	<u>(25,375)</u>	<u>(153,250)</u>	<u>(138,133)</u>
Net change in total pension liability	<u>\$139,805</u>	<u>\$16,118</u>	<u>(\$108,852)</u>
Beginning of year	<u>\$1,534,810</u>	<u>\$1,674,615</u>	<u>\$1,690,733</u>
End of Year	\$1,674,615	\$1,690,733	\$1,581,881
Plan Fiduciary Net Pension (FNP)			
State and municipal contributions	\$88,461	\$92,458	\$93,376
Net investment income	176,729	147,280	144,395
Gain or loss		(135,134)	22,761
Benefit payments	(25,375)	(153,250)	(138,133)
Administrative expense	<u>(5,212)</u>	<u>(5,386)</u>	<u>(5,662)</u>
Net change in plan fiduciary net position	<u>\$234,603</u>	<u>(\$54,032)</u>	<u>\$116,737</u>
Beginning of year	<u>\$2,154,959</u>	<u>\$2,389,562</u>	<u>\$2,335,530</u>
End of year	\$2,389,562	\$2,335,530	\$2,452,267
Net Pension Liability (NPL)	<u><u>(\$714,947)</u></u>	<u><u>(\$644,797)</u></u>	<u><u>(\$870,386)</u></u>
FNP as a percentage of the TPL	142.69%	138.14%	155.02%

The City implemented the Provisions of Governmental Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. The schedules within the Required Supplementary Information section require a ten-year presentation, but do not require retroactive reporting.

See notes to required supplementary information.

Measurement Date <u>12/31/2017</u>	Measurement Date <u>12/31/2018</u>	Measurement Date <u>12/31/2019</u>	Measurement Date <u>12/31/2020</u>
\$73,867	\$79,156	\$85,297	\$91,890
83,169	79,126	80,407	91,689
66,621	68,603	64,905	98,206
	(50,879)		(5,306)
<u>(287,183)</u>	<u>(317,708)</u>		<u>(64,173)</u>
<u>(\$63,526)</u>	<u>(\$141,702)</u>	<u>\$230,609</u>	<u>\$212,306</u>
<u>\$1,581,881</u>	<u>\$1,518,355</u>	<u>\$1,376,653</u>	<u>\$1,607,262</u>
\$1,518,355	\$1,376,653	\$1,607,262	\$1,819,568
\$93,829	\$94,564	\$102,267	\$100,962
129,401	134,201	127,557	155,649
172,352	(186,802)	321,023	317,320
(287,183)	(317,708)		(64,173)
<u>(5,680)</u>	<u>(6,780)</u>	<u>(8,736)</u>	<u>(5,970)</u>
<u>\$102,719</u>	<u>(\$282,525)</u>	<u>\$542,111</u>	<u>\$503,788</u>
<u>\$2,452,267</u>	<u>\$2,554,986</u>	<u>\$2,272,461</u>	<u>\$2,814,572</u>
\$2,554,986	\$2,272,461	\$2,814,572	\$3,318,360
<u>(\$1,036,631)</u>	<u>(\$895,808)</u>	<u>(\$1,207,310)</u>	<u>(\$1,498,792)</u>
168.27%	165.07%	175.12%	182.37%

CITY OF FERGUS FALLS, MINNESOTA
Required Supplementary Information
Schedule of City Contributions
Fergus Falls Fire Department Relief Association

	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>
Statutorily determined contribution (SDC)	\$0	\$0	\$0	\$0
Actual contribution	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Contribution deficiency (excess)	<u> \$0</u>	<u> \$0</u>	<u> \$0</u>	<u> \$0</u>
State pass through 2% aid	<u> \$88,461</u>	<u> \$92,458</u>	<u> \$93,376</u>	<u> \$93,829</u>

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

See notes to required supplementary information.

<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>
\$0	\$0	\$0	\$0
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>\$94,181</u>	<u>\$102,267</u>	<u>\$100,962</u>	<u>\$106,280</u>

CITY OF FERGUS FALLS, MINNESOTA
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND

2021 Changes

Changes in Actuarial Assumptions

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

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- 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 percent 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 projection 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 100.00 percent Joint & Survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent Joint & Survivor option changed from 15.00 percent to 30.00 percent. 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 2.00 percent for the period July 1, 2020 through December 31, 2023 and 0.00 percent after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND (CONTINUED)

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 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 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 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent 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 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, 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 Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA loads are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability and 3.00 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND (CONTINUED)

2017 Changes (Continued)

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, was due September 2015.

POLICE AND FIRE FUND

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- 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 MN-2020.

CITY OF FERGUS FALLS, MINNESOTA
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 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 increases were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60.00 percent to 70.00 percent. Minor changes to form of payment assumptions were applied.

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.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9 million thereafter until the plan reaches 100.00 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Required Supplementary Information

POLICE AND FIRE FUND (CONTINUED)

2018 Changes (Continued)

Changes in Plan Provisions (continued)

- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, 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 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30.00 percent for vested and non-vested deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent 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 3.00 percent 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 65.00 percent to 60.00 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

CITY OF FERGUS FALLS, MINNESOTA
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 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- The post-retirement benefit increase to be paid after attainment of the 90.00 percent funding threshold was changed, from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

VOLUNTEER FIRE FIGHTER'S RELIEF ASSOCIATION

2021 Changes

Changes in Plan Provisions

- The benefit level changed from \$5,150 to \$5,550 per year of active service.

2020 Changes

Changes in Plan Provisions

- The benefit level changed from \$4,950 to \$5,150 per year of active service.

2019 Changes

Changes in Plan Provisions

- The benefit level changed from \$4,900 to \$4,950 per year of active service.

POSTEMPLOYMENT HEALTHCARE PLAN

No assets have been accumulated in a trust to pay related benefits for the OPEB plan.

2021 Changes

Benefit Changes

- An early retirement incentive was offered to one confidential employee that required the City to pay for their monthly medical premiums through July 31, 2021.

Changes in Actuarial Assumptions

- The health care trend rates, mortality tables, salary scale, and retirement and withdrawal tables for non-public safety employees were updated. The discount rate was changed from 3.80 percent to 2.00 percent.

CITY OF FERGUS FALLS, MINNESOTA
Notes to Required Supplementary Information

POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

2019 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 3.30 percent to 3.80 percent.
- The mortality tables were updated from the RP-14 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Table with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).

COMBINING AND INDIVIDUAL FUNDS

CITY OF FERGUS FALLS, MINNESOTA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021

	<u>Special Revenue</u>		
	<u>Public Library</u>	<u>Bigwood Event Center</u>	<u>Revolving Loan</u>
ASSETS			
Cash and cash equivalents	\$987,962	\$249,808	\$517,049
Restricted cash - customer deposits			
Investments	350,000		1,550,000
Receivables:			
Taxes	18,620		
Notes, leases, and contracts			2,233,330
Intergovernmental			62,741
Other	5,182	12,004	711,158
Due from other funds		11,500	
Prepaid items	1,998		
	<u>1,363,762</u>	<u>273,312</u>	<u>5,074,278</u>
Total assets			
LIABILITIES			
Accounts payable	\$14,686	\$16,494	\$93,981
Accrued salaries payable	11,723		872
Retainage payable			
Intergovernmental payable			62,741
Due to other funds	1,099	5,513	44
Advances from other funds			
Interest payable			
Unearned revenue	5,217		
Customer deposits			
	<u>32,725</u>	<u>22,007</u>	<u>157,638</u>
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property tax	\$14,436		
FUND BALANCES			
Nonspendable	\$1,998		
Restricted	778,060		3,464,041
Committed		151,498	
Assigned	536,543	99,807	1,452,599
	<u>1,316,601</u>	<u>251,305</u>	<u>4,916,640</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$1,363,762</u>	<u>\$273,312</u>	<u>\$5,074,278</u>

Special Revenue

Port Authority Tax Increment Districts	Tax Increment Districts	Tax Abatement	Total
\$50,316	\$118,800 27,000	\$180,079 7,500	\$2,104,014 34,500 1,900,000
		1,370	19,990
			2,233,330
			62,741
123	355	457	729,279
			11,500
			1,998
<u>\$50,439</u>	<u>\$146,155</u>	<u>\$189,406</u>	<u>\$7,097,352</u>
\$10,000	\$5,000		\$140,161 12,595
			62,741
	2,770		9,426
	8,632		8,632
	1,835		1,835
			5,217
	27,000	7,500	34,500
<u>\$10,000</u>	<u>\$45,237</u>	<u>\$7,500</u>	<u>\$275,107</u>
		\$1,013	\$15,449
			\$1,998
40,439	100,918		4,383,458
		180,893	332,391
			2,088,949
<u>\$40,439</u>	<u>\$100,918</u>	<u>\$180,893</u>	<u>\$6,806,796</u>
<u>\$50,439</u>	<u>\$146,155</u>	<u>\$189,406</u>	<u>\$7,097,352</u>

(Continued)

CITY OF FERGUS FALLS, MINNESOTA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021

	Debt Service			
	Permanent Improvement Revolving	G.O. Capital Improvement 2010A	G.O. Capital Improvement 2012C	G.O. Sales Tax Revenue 2017A
ASSETS				
Cash and cash equivalents	\$4,141	\$2,560	\$47,639	\$755,618
Restricted cash - customer deposits				
Investments				
Receivables:				
Taxes		1,571	8,589	287,829
Notes, leases, and contracts				
Intergovernmental				
Other	10	5	116	1,843
Due from other funds				
Prepaid items				
Total assets	\$4,151	\$4,136	\$56,344	\$1,045,290
LIABILITIES				
Accounts payable				
Accrued salaries payable				
Retainage payable				
Intergovernmental payable				5,802
Due to other funds				
Advances from other funds				
Interest payable				
Unearned revenue				
Customer deposits				
Total liabilities				\$5,802
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property tax		\$1,236	\$6,729	
FUND BALANCES				
Nonspendable				
Restricted	4,151	2,900	49,615	1,039,488
Committed				
Assigned				
Total fund balances	\$4,151	\$2,900	\$49,615	\$1,039,488
Total liabilities, deferred inflows of resources, and fund balances	\$4,151	\$4,136	\$56,344	\$1,045,290

(Continued)

Debt Service			Capital Projects		
G.O. Equip. Certificates 2020A	G.O. Port Authority 2021A	Total	Parks Improvement	Airport Capital Improvement	Total
\$1,765	\$987	\$812,710	\$20,734		\$20,734
655		298,644		992	992
4	2	1,980	51	490,939	490,939 51
<u>\$2,424</u>	<u>\$989</u>	<u>\$1,113,334</u>	<u>\$20,785</u>	<u>\$491,931</u>	<u>\$512,716</u>
				3,142	3,142
		5,802		195,869	195,869
				478	478
		<u>\$5,802</u>		<u>\$199,489</u>	<u>\$199,489</u>
<u>\$473</u>		<u>\$8,438</u>		<u>\$774</u>	<u>\$774</u>
1,951	989	1,099,094	5,702	291,668	5,702 291,668 15,083
			15,083		15,083
<u>\$1,951</u>	<u>\$989</u>	<u>\$1,099,094</u>	<u>\$20,785</u>	<u>\$291,668</u>	<u>\$312,453</u>
<u>\$2,424</u>	<u>\$989</u>	<u>\$1,113,334</u>	<u>\$20,785</u>	<u>\$491,931</u>	<u>\$512,716</u>

(Continued)

CITY OF FERGUS FALLS, MINNESOTA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021

	Permanent Funds		
	John B. Renny Library Trust	George Oakes Welch Library Trust	Phebe Lyon Welch Library Trust
ASSETS			
Cash and cash equivalents	\$1,783	\$2,722	\$3,543
Restricted cash - customer deposits			
Investments			
Receivables:			
Taxes			
Notes, leases, and contracts			
Intergovernmental			
Other	4	7	9
Due from other funds			
Prepaid items			
	<u>\$1,787</u>	<u>\$2,729</u>	<u>\$3,552</u>
Total assets	<u>\$1,787</u>	<u>\$2,729</u>	<u>\$3,552</u>
LIABILITIES			
Accounts payable			
Accrued salaries payable			
Retainage payable			
Intergovernmental payable			
Due to other funds			
Advances from other funds			
Interest payable			
Unearned revenue			
Customer deposits			
	<u></u>	<u></u>	<u></u>
Total liabilities	<u></u>	<u></u>	<u></u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property tax			
	<u></u>	<u></u>	<u></u>
FUND BALANCES			
Nonspendable	\$531	\$885	\$885
Restricted	1,256	1,844	2,667
Committed			
Assigned			
	<u>\$1,787</u>	<u>\$2,729</u>	<u>\$3,552</u>
Total fund balances	<u>\$1,787</u>	<u>\$2,729</u>	<u>\$3,552</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$1,787</u>	<u>\$2,729</u>	<u>\$3,552</u>

(Continued)

Permanent Funds				
Wheelock Memorial Library Trust	Hilma L. Lundeen Memorial Library Trust	Marguerite R. Patterson Memorial Library Trust	Total	Total Nonmajor Funds
\$4,266	\$3,977	\$31,346	\$47,637	\$2,985,095 34,500 1,900,000 319,626 2,233,330 553,680
11	10	77	118	731,428 11,500 1,998
<u>\$4,277</u>	<u>\$3,987</u>	<u>\$31,423</u>	<u>\$47,755</u>	<u>\$8,771,157</u>
				\$140,161 12,595 3,142 68,543 205,295 8,632 2,313 5,217 34,500
				<u>\$480,398</u>
				<u>\$24,661</u>
\$1,000 3,277	\$1,000 2,987	\$10,000 21,423	\$14,301 33,454	\$16,299 5,521,708 624,059 2,104,032
<u>\$4,277</u>	<u>\$3,987</u>	<u>\$31,423</u>	<u>\$47,755</u>	<u>\$8,266,098</u>
<u>\$4,277</u>	<u>\$3,987</u>	<u>\$31,423</u>	<u>\$47,755</u>	<u>\$8,771,157</u>

CITY OF FERGUS FALLS, MINNESOTA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	<u>Special Revenue</u>		
	<u>Public Library</u>	<u>Bigwood Event Center</u>	<u>Revolving Loan</u>
REVENUES			
Taxes	\$779,134		
Intergovernmental	95,273		155,875
Charges for services	6,743		4,400
Fines and forfeits	1,674		
Contributions	108,489		
Investment earnings	(7,236)	(1,693)	(13,197)
Other interest income			52,365
Rent		17,850	
Other	10,160		
	<u>10,160</u>	<u>17,850</u>	<u>52,365</u>
Total revenues	<u>\$994,237</u>	<u>\$16,157</u>	<u>\$199,443</u>
EXPENDITURES			
Current:			
Airport			
Culture and recreation	815,779	91,285	
Community development			29,802
Economic development			162,171
Debt service:			
Principal			35,927
Interest			1,089
Other			
Capital outlay	83,486	3,138	
	<u>83,486</u>	<u>3,138</u>	<u></u>
Total expenditures	<u>\$899,265</u>	<u>\$94,423</u>	<u>\$228,989</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$94,972</u>	<u>(\$78,266)</u>	<u>(\$29,546)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		\$56,500	
Transfers (out)	(2,397)		
General obligation bonds issued			
Total other financing sources and (uses)	<u>(\$2,397)</u>	<u>\$56,500</u>	<u></u>
Net change in fund balances	\$92,575	(\$21,766)	(\$29,546)
Fund balances - beginning	<u>1,224,026</u>	<u>273,071</u>	<u>4,946,186</u>
Fund balances - ending	<u>\$1,316,601</u>	<u>\$251,305</u>	<u>\$4,916,640</u>

Special Revenue

Port Authority Tax Increment Districts	Tax Increment Districts	Tax Abatement	Total
	\$235,289	\$74,494	\$1,088,917
		12	251,160
	4,000	1,500	16,643
			1,674
			108,489
(320)	(672)	(1,023)	(24,141)
			52,365
			17,850
			10,160
(\$320)	\$238,617	\$74,983	\$1,523,117
			907,064
			29,802
10,000	225,943	45,353	443,467
			35,927
	345		1,434
			86,624
\$10,000	\$226,288	\$45,353	\$1,504,318
(\$10,320)	\$12,329	\$29,630	\$18,799
			\$56,500
			(2,397)
			\$54,103
(10,320)	12,329	29,630	72,902
50,759	88,589	151,263	6,733,894
\$40,439	\$100,918	\$180,893	\$6,806,796

(Continued)

CITY OF FERGUS FALLS, MINNESOTA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	Debt Service			
	Permanent Improvement Revolving	G.O. Capital Improvement 2010A	G.O. Capital Improvement 2012C	G.O. Sales Tax Revenue 2017A
REVENUES				
Taxes		\$60,247	\$338,942	\$1,560,963
Intergovernmental		9	54	
Charges for services				
Fines and forfeits				
Contributions				
Investment earnings	(29)	(72)	(667)	(5,717)
Other interest income				
Rent				
Other				
Total revenues	<u>(\$29)</u>	<u>\$60,184</u>	<u>\$338,329</u>	<u>\$1,555,246</u>
EXPENDITURES				
Current:				
Airport				
Culture and recreation				23,610
Community development				
Economic development				
Debt service:				
Principal	415,000	45,000	240,000	1,125,000
Interest	80,102	15,611	106,274	114,150
Other	495		850	495
Capital outlay				
Total expenditures	<u>\$495,597</u>	<u>\$60,611</u>	<u>\$347,124</u>	<u>\$1,263,255</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(\$495,626)</u>	<u>(\$427)</u>	<u>(\$8,795)</u>	<u>\$291,991</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$490,655			
Transfers (out)	(966)			
General obligation bonds issued				
Total other financing sources and (uses)	<u>\$489,689</u>			
Net change in fund balances	<u>(\$5,937)</u>	<u>(\$427)</u>	<u>(\$8,795)</u>	<u>\$291,991</u>
Fund balances - beginning	<u>10,088</u>	<u>3,327</u>	<u>58,410</u>	<u>747,497</u>
Fund balances - ending	<u><u>\$4,151</u></u>	<u><u>\$2,900</u></u>	<u><u>\$49,615</u></u>	<u><u>\$1,039,488</u></u>

(Continued)

Debt Service			Capital Projects		
G.O. Equipment Certificates 2020A	G.O. Port Authority 2021A	Total	Parks Improvement	Airport Capital Improvement	Total
\$40,590 7		\$2,000,742 70		\$40,055 452,089	\$40,055 452,089
(34)		(6,519)	(132)	(622)	(754)
<u>\$40,563</u>		<u>\$1,994,293</u>	<u>(\$132)</u>	<u>\$491,522</u>	<u>\$491,390</u>
		23,610		\$2	\$2
25,000 13,591 21		1,850,000 329,728 1,861		428,678	428,678
<u>\$38,612</u>		<u>\$2,205,199</u>		<u>\$428,680</u>	<u>\$428,680</u>
<u>\$1,951</u>		<u>(\$210,906)</u>	<u>(\$132)</u>	<u>\$62,842</u>	<u>\$62,710</u>
		\$490,655 (966) 989			
	989	\$490,678			
\$1,951	\$989	\$279,772	(\$132)	\$62,842	\$62,710
		819,322	20,917	228,826	249,743
<u>\$1,951</u>	<u>\$989</u>	<u>\$1,099,094</u>	<u>\$20,785</u>	<u>\$291,668</u>	<u>\$312,453</u>

(Continued)

CITY OF FERGUS FALLS, MINNESOTA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	<u>Permanent Funds</u>		
	<u>John B. Renny Library Trust</u>	<u>George Oakes Welch Library Trust</u>	<u>Phebe Lyon Welch Library Trust</u>
REVENUES			
Taxes			
Intergovernmental			
Charges for services			
Fines and forfeits			
Contributions			
Investment earnings	(12)	(17)	(23)
Other interest income			
Rent			
Other			
	<hr/>	<hr/>	<hr/>
Total revenues	<u>(\$12)</u>	<u>(\$17)</u>	<u>(\$23)</u>
EXPENDITURES			
Current:			
Airport			
Culture and recreation			
Community development			
Economic development			
Debt service:			
Principal			
Interest			
Other			
Capital outlay			
	<hr/>	<hr/>	<hr/>
Total expenditures	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	<u>(\$12)</u>	<u>(\$17)</u>	<u>(\$23)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers (out)			
General obligation bonds issued			
Total other financing sources and (uses)	<hr/>	<hr/>	<hr/>
Net change in fund balances	(\$12)	(\$17)	(\$23)
Fund balances - beginning	<u>1,799</u>	<u>2,746</u>	<u>3,575</u>
Fund balances - ending	<u><u>\$1,787</u></u>	<u><u>\$2,729</u></u>	<u><u>\$3,552</u></u>

(Continued)

Permanent Funds				
Wheelock Memorial Library Trust	Hilma L. Lundeen Memorial Library Trust	Marguerite R. Patterson Memorial Library Trust	Total	Total Nonmajor Funds
				\$3,129,714
				703,319
				16,643
				1,674
				108,489
(27)	(25)	(200)	(304)	(31,718)
				52,365
				17,850
				10,160
<u>(27)</u>	<u>(25)</u>	<u>(200)</u>	<u>(304)</u>	<u>\$4,008,496</u>
				\$2
				930,674
				29,802
				443,467
				1,885,927
				331,162
				1,861
				515,302
				<u>\$4,138,197</u>
<u>(27)</u>	<u>(25)</u>	<u>(200)</u>	<u>(304)</u>	<u>(\$129,701)</u>
				\$547,155
				(3,363)
				989
				<u>\$544,781</u>
(27)	(25)	(200)	(304)	\$415,080
4,304	4,012	31,623	48,059	7,851,018
<u>\$4,277</u>	<u>\$3,987</u>	<u>\$31,423</u>	<u>\$47,755</u>	<u>\$8,266,098</u>

CITY OF FERGUS FALLS, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
General property tax	\$5,069,224	\$5,069,224	\$5,020,905	(\$48,319)
Lodging tax	121,000	121,000	138,801	17,801
Mobile home tax	3,500	3,500	4,824	1,324
Penalties and interest on taxes	5,500	5,500	18,800	13,300
Total taxes	<u>\$5,199,224</u>	<u>\$5,199,224</u>	<u>\$5,183,330</u>	<u>(\$15,894)</u>
Licenses and permits	180,475	180,475	225,777	45,302
Intergovernmental:				
Federal	\$50,500	\$86,878	\$279,994	\$193,116
State	4,083,000	4,877,984	4,483,882	(394,102)
Other	80,000	80,000	88,037	8,037
Total intergovernmental	<u>\$4,213,500</u>	<u>\$5,044,862</u>	<u>\$4,851,913</u>	<u>(\$192,949)</u>
Charges for services	958,995	966,695	1,011,029	44,334
Fines and forfeits	74,000	99,138	86,238	(12,900)
Contributions	22,500	290,570	317,383	26,813
Investment earnings	170,000	170,000	(53,268)	(223,268)
Other interest income			1,578	1,578
Rent	59,000	59,000	88,145	29,145
Other	50,000	63,560	142,567	79,007
Total revenues	<u>\$10,927,694</u>	<u>\$12,073,524</u>	<u>\$11,854,692</u>	<u>(\$218,832)</u>
EXPENDITURES				
General government:				
City council	\$69,214	\$69,214	\$68,413	(\$801)
Ordinances and proceedings	5,000	5,000	3,092	(1,908)
Mayor	15,661	15,661	14,951	(710)
Communications	4,500	4,500	5,420	920
City administrator	302,737	302,737	301,297	(1,440)
Elections			26	26
Finance	344,722	344,722	336,748	(7,974)
Investment management	72,300	72,300	73,549	1,249
Data processing	347,300	347,300	317,923	(29,377)
Legal	194,430	194,430	189,646	(4,784)
Human resources	253,098	253,098	252,830	(268)
Wellness program		3,066		(3,066)
Planning and zoning	57,062	104,167	88,050	(16,117)
Cable television	110,168	110,168	102,896	(7,272)
Annexation	25,200	25,200	50,578	25,378
General government buildings	217,754	217,754	213,389	(4,365)
Other	153,648	257,128	43,574	(213,554)
Total general government	<u>\$2,172,794</u>	<u>\$2,326,445</u>	<u>\$2,062,382</u>	<u>(\$264,063)</u>

(Continued)

(Continued)

CITY OF FERGUS FALLS, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Public safety:				
Police department	\$3,837,769	\$3,843,451	\$3,703,520	(\$139,931)
Emergency management	4,651	4,651	16,804	12,153
Fire department	717,809	723,829	703,924	(19,905)
Building inspection	115,811	114,361	117,242	2,881
Property abatement	2,325	49,822	22,905	(26,917)
Rental registration	59,461	60,911	59,682	(1,229)
Total public safety	<u>\$4,737,826</u>	<u>\$4,797,025</u>	<u>\$4,624,077</u>	<u>(\$172,948)</u>
Streets and highways:				
Engineering	\$135,267	\$135,267	\$120,639	(\$14,628)
GIS	134,748	134,748	135,325	577
Supervision and general	39,759	39,759	38,556	(1,203)
Street maintenance	1,332,046	1,391,996	1,083,707	(308,289)
Ice and snow removal	646,731	697,762	524,565	(173,197)
Street lighting	225,534	225,534	245,121	19,587
Traffic signs and markings	87,329	87,329	112,456	25,127
Transit	50,073	50,073	50,078	5
Parking lots	55,963	118,193	17,670	(100,523)
Total streets and highways	<u>\$2,707,450</u>	<u>\$2,880,661</u>	<u>\$2,328,117</u>	<u>(\$552,544)</u>
Sanitation:				
Animal and weed control	\$52,411	\$52,411	\$42,803	(\$9,608)
Airport:				
Airport and grounds	\$220,632	\$220,632	\$255,777	\$35,145
Culture and recreation:				
Recreation	\$793,242	\$793,242	\$789,832	(\$3,410)
Parks	743,891	745,808	686,497	(59,311)
Forestry and nursery	274,377	279,319	246,056	(33,263)
Senior citizens	91,924	93,866	92,497	(1,369)
Total culture and recreation	<u>\$1,903,434</u>	<u>\$1,912,235</u>	<u>\$1,814,882</u>	<u>(\$97,353)</u>
Community development:				
Community events	\$11,462	\$11,462	\$6,611	(\$4,851)
Community development department	98,321	98,321	94,085	(4,236)
Other	155,487	155,487	172,991	17,504
Total community development	<u>\$265,270</u>	<u>\$265,270</u>	<u>\$273,687</u>	<u>\$8,417</u>

(Continued)

CITY OF FERGUS FALLS, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Economic development:				
Greater Fergus Falls	\$50,073	\$50,073	\$50,078	\$5
Regional Treatment Center			14,238	14,238
Total economic development	<u>\$50,073</u>	<u>\$50,073</u>	<u>\$64,316</u>	<u>\$14,243</u>
Debt service:				
Principal	\$15,276	\$15,276	\$15,274	(\$2)
Interest	1,710	1,710	2,649	939
Total debt service	<u>\$16,986</u>	<u>\$16,986</u>	<u>\$17,923</u>	<u>\$937</u>
Capital outlay	<u>\$1,839,511</u>	<u>\$3,545,447</u>	<u>\$1,550,797</u>	<u>(\$1,994,650)</u>
Total expenditures	<u>\$13,966,387</u>	<u>\$16,067,185</u>	<u>\$13,034,761</u>	<u>(\$3,032,424)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(\$3,038,693)</u>	<u>(\$3,993,661)</u>	<u>(\$1,180,069)</u>	<u>\$2,813,592</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$1,785,668	\$1,635,668	\$1,635,670	\$2
Transfers (out)	(8,975)	(330,170)	(468,708)	(138,538)
Sale of capital assets			700	700
Total other financing sources and (uses)	<u>\$1,776,693</u>	<u>\$1,305,498</u>	<u>\$1,167,662</u>	<u>(\$137,836)</u>
Net change in fund balances	<u>(\$1,262,000)</u>	<u>(\$2,688,163)</u>	(\$12,407)	<u>\$2,675,756</u>
Fund balance - beginning			<u>10,185,580</u>	
Fund balance - ending			<u>\$10,173,173</u>	

CITY OF FERGUS FALLS, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Public Library Special Revenue Fund
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
General property tax	\$786,060	\$786,060	\$778,379	(\$7,681)
Mobile home tax	550	550	755	205
Total taxes	<u>\$786,610</u>	<u>\$786,610</u>	<u>\$779,134</u>	<u>(\$7,476)</u>
Intergovernmental	89,840	91,412	95,273	3,861
Charges for services	4,500	4,500	6,743	2,243
Fines and forfeits	2,500	2,500	1,674	(826)
Contributions		18,379	108,489	90,110
Investment earnings	10,000	10,000	(7,236)	(17,236)
Other	<u>8,500</u>	<u>8,500</u>	<u>10,160</u>	<u>1,660</u>
Total revenues	<u>\$901,950</u>	<u>\$921,901</u>	<u>\$994,237</u>	<u>\$72,336</u>
EXPENDITURES				
Current:				
Culture and recreation	\$816,395	\$839,104	\$815,779	(\$23,325)
Capital outlay	<u>83,055</u>	<u>185,270</u>	<u>83,486</u>	<u>(101,784)</u>
Total expenditures	<u>\$899,450</u>	<u>\$1,024,374</u>	<u>\$899,265</u>	<u>(\$125,109)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$2,500</u>	<u>(\$102,473)</u>	<u>\$94,972</u>	<u>\$197,445</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(\$2,500)</u>	<u>(\$2,500)</u>	<u>(\$2,397)</u>	<u>\$103</u>
Net change in fund balances	<u><u>(\$104,973)</u></u>	<u><u>(\$104,973)</u></u>	<u>92,575</u>	<u><u>\$197,548</u></u>
Fund balance - beginning			<u>1,224,026</u>	
Fund balance - ending			<u><u>\$1,316,601</u></u>	

CITY OF FERGUS FALLS, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Bigwood Event Center Special Revenue Fund
For the Year Ended December 31, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
REVENUES			
Investment earnings	\$3,000	(\$1,693)	(\$4,693)
Rent		17,850	17,850
Total revenues	\$3,000	\$16,157	\$13,157
EXPENDITURES			
Current:			
Culture and recreation	\$39,500	\$91,285	\$51,785
Capital outlay		3,138	3,138
Total expenditures	\$39,500	\$94,423	\$54,923
Excess (deficiency) of revenues over (under) expenditures	(\$36,500)	(\$78,266)	(\$41,766)
OTHER FINANCING SOURCES (USES)			
Transfers in	\$36,500	\$56,500	\$20,000
Net change in fund balances		(\$21,766)	(\$21,766)
Fund balance - beginning		273,071	
Fund balance - ending		\$251,305	

CITY OF FERGUS FALLS, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Revolving Loan Special Revenue Fund
For the Year Ended December 31, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
REVENUES			
Intergovernmental	\$287,500	\$155,875	(\$131,625)
Charges for services	6,700	4,400	(2,300)
Investment earnings	45,000	(13,197)	(58,197)
Other interest income	65,000	52,365	(12,635)
Total revenues	\$404,200	\$199,443	(\$204,757)
EXPENDITURES			
Current:			
Community development	\$19,133	\$29,802	\$10,669
Economic development	297,358	162,171	(135,187)
Debt service:			
Principal	35,929	35,927	(2)
Interest	1,087	1,089	2
Total expenditures	\$353,507	\$228,989	(\$124,518)
Excess (deficiency) of revenues over (under) expenditures	\$50,693	(\$29,546)	(\$80,239)
Net change in fund balances	\$50,693	(\$29,546)	(\$80,239)
Fund balance - beginning		4,946,186	
Fund balance - ending		\$4,916,640	

CITY OF FERGUS FALLS, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Tax Increment Districts Special Revenue Fund
For the Year Ended December 31, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
REVENUES			
Taxes:			
Tax increments	\$248,700	\$235,289	(\$13,411)
Charges for services		4,000	4,000
Investment earnings	1,950	(672)	(2,622)
Total revenues	\$250,650	\$238,617	(\$12,033)
EXPENDITURES			
Current:			
Economic development	\$250,246	\$225,943	(\$24,303)
Debt service:			
Interest		345	345
Total expenditures	\$250,246	\$226,288	(\$23,958)
Excess (deficiency) of revenues over (under) expenditures	\$404	\$12,329	\$11,925
Net change in fund balances	\$404	\$12,329	\$11,925
Fund balance - beginning		88,589	
Fund balance - ending		\$100,918	

CITY OF FERGUS FALLS, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Tax Abatement Special Revenue Fund
For the Year Ended December 31, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
REVENUES			
Taxes:			
General property tax	\$75,200	\$74,438	(\$762)
Mobile home tax	12	56	44
Total taxes	\$75,212	\$74,494	(\$718)
Intergovernmental	4	12	8
Charges for services		1,500	1,500
Investment earnings	100	(1,023)	(1,123)
Total revenues	\$75,316	\$74,983	(\$333)
EXPENDITURES			
Current:			
Economic development	\$71,000	\$45,353	(\$25,647)
Total expenditures	\$71,000	\$45,353	(\$25,647)
Excess (deficiency) of revenues over (under) expenditures	\$4,316	\$29,630	\$25,314
Net change in fund balances	\$4,316	\$29,630	\$25,314
Fund balance - beginning		151,263	
Fund balance - ending		\$180,893	

CITY OF FERGUS FALLS, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
G.O. Port Authority 2019A Debt Service Fund
For the Year Ended December 31, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
REVENUES			
Investment earnings	\$1,078	(\$464)	(\$1,542)
Rent	141,250	141,250	
Total revenues	\$142,328	\$140,786	(\$1,542)
EXPENDITURES			
Debt service:			
Principal	\$55,000	\$55,000	
Interest	84,850	83,750	(1,100)
Other	495	495	
Total expenditures	\$140,345	\$139,245	(\$1,100)
Excess (deficiency) of revenues over (under) expenditures	\$1,983	\$1,541	(\$442)
Net change in fund balances	\$1,983	\$1,541	(\$442)
Fund balance - beginning		41,167	
Fund balance - ending		\$42,708	

CITY OF FERGUS FALLS, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Permanent Improvement Revolving Debt Service Fund
For the Year Ended December 31, 2021

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
REVENUES			
Investment earnings		(\$29)	(\$29)
Total revenues		(\$29)	(\$29)
EXPENDITURES			
Debt service:			
Principal	\$415,000	\$415,000	
Interest	80,205	80,102	(103)
Other	1,485	495	(990)
Total expenditures	\$496,690	\$495,597	(\$1,093)
Excess (deficiency) of revenues over (under) expenditures	(\$496,690)	(\$495,626)	\$1,064
OTHER FINANCING SOURCES (USES)			
Transfers in	\$496,690	\$490,655	(\$6,035)
Transfers (out)		(966)	(966)
Total other financing sources and (uses)	\$496,690	\$489,689	(\$7,001)
Net change in fund balances		(\$5,937)	(\$5,937)
Fund balance - beginning		10,088	
Fund balance - ending		\$4,151	

CITY OF FERGUS FALLS, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
G.O. Capital Improvement 2010A Debt Service Fund
For the Year Ended December 31, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
REVENUES			
Taxes:			
General property tax	\$60,800	\$60,184	(\$616)
Mobile home tax	50	63	13
Total taxes	\$60,850	\$60,247	(\$603)
Intergovernmental	15	9	(6)
Investment earnings	185	(72)	(257)
Total revenues	\$61,050	\$60,184	(\$866)
EXPENDITURES			
Debt service:			
Principal	\$45,000	\$45,000	
Interest	15,611	15,611	
Other	495		(495)
Total expenditures	\$61,106	\$60,611	(\$495)
Excess (deficiency) of revenues over (under) expenditures	(\$56)	(\$427)	(\$371)
Net change in fund balances	(\$56)	(\$427)	(\$371)
Fund balance - beginning		3,327	
Fund balance - ending		\$2,900	

CITY OF FERGUS FALLS, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
G.O. Capital Improvement 2012C Debt Service Fund
For the Year Ended December 31, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
REVENUES			
Taxes:			
General property tax	\$343,000	\$338,598	(\$4,402)
Mobile home tax	250	344	94
Total taxes	\$343,250	\$338,942	(\$4,308)
Intergovernmental	75	54	(21)
Investment earnings	1,272	(667)	(1,939)
Total revenues	\$344,597	\$338,329	(\$6,268)
EXPENDITURES			
Debt service:			
Principal	\$240,000	\$240,000	
Interest	106,274	106,274	
Other	495	850	355
Total expenditures	\$346,769	\$347,124	\$355
Excess (deficiency) of revenues over (under) expenditures	(\$2,172)	(\$8,795)	(\$6,623)
Net change in fund balances	(\$2,172)	(\$8,795)	(\$6,623)
Fund balance - beginning		58,410	
Fund balance - ending		\$49,615	

CITY OF FERGUS FALLS, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
G.O. Sales Tax Revenue 2017A Debt Service Fund
For the Year Ended December 31, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
REVENUES			
Local option sales tax	\$1,325,000	\$1,560,963	\$235,963
Investment earnings	9,318	(5,717)	(15,035)
Total revenues	\$1,334,318	\$1,555,246	\$220,928
EXPENDITURES			
Current:			
Culture and recreation	\$25,000	\$23,610	(\$1,390)
Debt service:			
Principal	1,125,000	1,125,000	
Interest	114,150	114,150	
Other	495	495	
Total expenditures	\$1,264,645	\$1,263,255	(\$1,390)
Excess (deficiency) of revenues over (under) expenditures	\$69,673	\$291,991	\$222,318
OTHER FINANCING SOURCES (USES)			
Transfers in	\$256,024		(\$256,024)
Net change in fund balances	\$325,697	\$291,991	(\$33,706)
Fund balance - beginning		747,497	
Fund balance - ending		\$1,039,488	

CITY OF FERGUS FALLS, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
G.O. Equipment Certificates 2020A Debt Service Fund
For the Year Ended December 31, 2021

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
REVENUES			
Taxes:			
General property tax	\$41,000	\$40,564	(\$436)
Mobile home tax		26	26
Total taxes	<u>\$41,000</u>	<u>\$40,590</u>	<u>(\$410)</u>
Intergovernmental		7	7
Investment earnings		<u>(34)</u>	<u>(34)</u>
 Total revenues	 <u>\$41,000</u>	 <u>\$40,563</u>	 <u>(\$437)</u>
EXPENDITURES			
Debt service:			
Principal	\$25,000	\$25,000	
Interest	13,600	13,591	(9)
Other		<u>21</u>	<u>21</u>
 Total expenditures	 <u>\$38,600</u>	 <u>\$38,612</u>	 <u>\$12</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$2,400</u>	 <u>\$1,951</u>	 <u>(\$449)</u>
 Net change in fund balances	 <u><u>\$2,400</u></u>	 <u><u>\$1,951</u></u>	 <u><u>(\$449)</u></u>
 Fund balance - beginning		 <u> </u>	
Fund balance - ending		 <u><u>\$1,951</u></u>	

CITY OF FERGUS FALLS, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Operations Capital Projects Fund
For the Year Ended December 31, 2021

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
REVENUES			
Taxes:			
General property tax	\$199,000	\$199,443	\$443
Mobile home tax		202	202
Total taxes	<u>\$199,000</u>	<u>\$199,645</u>	<u>\$645</u>
Special assessments	195,905	474,217	278,312
Intergovernmental	2,047,000	2,688,441	641,441
Contributions	300,000	6,524	(293,476)
Investment earnings	11,680	12,592	912
Other interest income	74,832	61,744	(13,088)
Other		<u>48,396</u>	<u>48,396</u>
 Total revenues	 <u>\$2,828,417</u>	 <u>\$3,491,559</u>	 <u>\$663,142</u>
EXPENDITURES			
Current:			
Streets and highways - other	\$6,185	\$258,855	\$252,670
Culture and recreation		20,002	20,002
Economic development - other		36,750	36,750
Capital outlay	<u>3,538,000</u>	<u>4,053,263</u>	<u>515,263</u>
 Total expenditures	 <u>\$3,544,185</u>	 <u>\$4,368,870</u>	 <u>\$824,685</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(\$715,768)</u>	 <u>(\$877,311)</u>	 <u>(\$161,543)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$223,746	\$775,487	\$551,741
Transfers (out)	(496,690)	(490,655)	6,035
General obligation bonds issued	981,000	1,459,011	478,011
Premium on general obligation bonds issued		<u>5,204</u>	<u>5,204</u>
 Total other financing sources and (uses)	 <u>\$708,056</u>	 <u>\$1,749,047</u>	 <u>\$1,040,991</u>
 Net change in fund balances	 <u>(\$7,712)</u>	 \$871,736	 <u>\$879,448</u>
 Fund balance - beginning		 <u>1,528,736</u>	
 Fund balance - ending		 <u>\$2,400,472</u>	

CITY OF FERGUS FALLS, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Airport Capital Improvement Capital Projects Fund
For the Year Ended December 31, 2021

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
REVENUES			
Taxes:			
General property tax	\$40,500	\$40,015	(\$485)
Mobile home tax	25	40	15
Total taxes	<u>\$40,525</u>	<u>\$40,055</u>	<u>(\$470)</u>
Intergovernmental		452,089	452,089
Investment earnings		<u>(622)</u>	<u>(622)</u>
Total revenues	<u>\$40,525</u>	<u>\$491,522</u>	<u>\$450,997</u>
EXPENDITURES			
Current:			
Airport	\$730	\$2	(\$728)
Capital outlay		<u>428,678</u>	<u>428,678</u>
Total expenditures	<u>\$730</u>	<u>\$428,680</u>	<u>\$427,950</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$39,795</u>	<u>\$62,842</u>	<u>\$23,047</u>
Net change in fund balances	<u><u>\$39,795</u></u>	<u><u>\$62,842</u></u>	<u><u>\$23,047</u></u>
Fund balance - beginning		<u>228,826</u>	
Fund balance - ending		<u><u>\$291,668</u></u>	

CITY OF FERGUS FALLS, MINNESOTA
Combining Statement of Net Position
Internal Service Funds
December 31, 2021

	<u>Equipment</u>	<u>Employee Insurance</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$699,189	\$8,502	\$707,691
Investments	1,500,000		1,500,000
Receivables:			
Interest	6,212		6,212
Other	276,820		276,820
Due from other funds	271		271
Advances to other funds	58,376		58,376
Inventories	250,590		250,590
Prepaid		3,171	3,171
Total current assets	<u>\$2,791,458</u>	<u>\$11,673</u>	<u>\$2,803,131</u>
Capital assets:			
Land	\$4,350		\$4,350
Buildings and systems	506,103		506,103
Machinery and equipment	9,914,774		9,914,774
Construction in progress	2,220		2,220
Less accumulated depreciation	<u>(7,584,900)</u>		<u>(7,584,900)</u>
Total capital assets (net of accumulated depreciation)	<u>\$2,842,547</u>		<u>\$2,842,547</u>
Total assets	<u>\$5,634,005</u>	<u>\$11,673</u>	<u>\$5,645,678</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	<u>\$113,029</u>		<u>\$113,029</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$66,308	\$379	\$66,687
Accrued salaries payable	6,067		6,067
Compensated absences	13,176		13,176
Intergovernmental payable	3,371		3,371
Due to other funds	633		633
Unearned revenue		762	762
Total current liabilities	<u>\$89,555</u>	<u>\$1,141</u>	<u>\$90,696</u>
Noncurrent liabilities:			
Compensated absences	\$8,025		\$8,025
Net pension liability	<u>165,825</u>		<u>165,825</u>
Total noncurrent liabilities	<u>\$173,850</u>		<u>\$173,850</u>
Total liabilities	<u>\$263,405</u>	<u>\$1,141</u>	<u>\$264,546</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	<u>\$164,099</u>		<u>\$164,099</u>
NET POSITION			
Net investment in capital assets	\$2,842,547		\$2,842,547
Unrestricted	<u>2,476,983</u>	<u>10,532</u>	<u>2,487,515</u>
Total net position	<u>\$5,319,530</u>	<u>\$10,532</u>	<u>\$5,330,062</u>

CITY OF FERGUS FALLS, MINNESOTA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2021

	<u>Equipment</u>	<u>Employee Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Sales and charges for services	\$2,166,335	\$1,954,501	\$4,120,836
Total operating revenues	<u>\$2,166,335</u>	<u>\$1,954,501</u>	<u>\$4,120,836</u>
OPERATING EXPENSES			
Personal service	\$306,583		\$306,583
Employee benefits	63,057		63,057
Supplies	466,227		466,227
Utilities	46,011		46,011
Other	181,595	1,958,261	2,139,856
Depreciation	730,800		730,800
Total operating expenses	<u>\$1,794,273</u>	<u>\$1,958,261</u>	<u>\$3,752,534</u>
Operating income (loss)	<u>\$372,062</u>	<u>(\$3,760)</u>	<u>\$368,302</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	(\$17,198)		(\$17,198)
Other income	28,625		28,625
Total nonoperating revenue (expenses)	<u>\$11,427</u>		<u>\$11,427</u>
Income before contributions and transfers	\$383,489	(\$3,760)	\$379,729
Transfers in	8,975		8,975
Transfers (out)	(142,811)		(142,811)
Change in net position	\$249,653	(\$3,760)	\$245,893
Total net position - beginning	<u>5,069,877</u>	<u>14,292</u>	<u>5,084,169</u>
Total net position - ending	<u><u>\$5,319,530</u></u>	<u><u>\$10,532</u></u>	<u><u>\$5,330,062</u></u>

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CITY OF FERGUS FALLS, MINNESOTA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2021

	<u>Equipment</u>	<u>Employees Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments from interfund services provided	\$2,166,590	\$1,952,226	\$4,118,816
Payments to suppliers	(487,962)		(487,962)
Payments to employees	(388,098)		(388,098)
Payments for quasi-external transactions	(71,130)		(71,130)
Other operating income	28,625		28,625
Other operating expenses	(431,383)	(1,796,010)	(2,227,393)
Net cash provided (used) by operating activities	<u>\$816,642</u>	<u>\$156,216</u>	<u>\$972,858</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer to other funds	(\$133,836)		(\$133,836)
Advances to other funds	(\$58,376)		(\$58,376)
Repayment of amount loaned for cash deficit	147,714		\$147,714
Repayment of amount borrowed for cash deficit		(147,714)	(\$147,714)
Net cash provided (used) by noncapital financing activities	<u>(\$44,498)</u>	<u>(\$147,714)</u>	<u>(\$192,212)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(\$852,689)		(\$852,689)
Net cash provided (used) by capital and related financing activities	<u>(\$852,689)</u>		<u>(\$852,689)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	\$446,897		\$446,897
Interest and dividends received	36,900		36,900
Net cash provided (used) by investing activities	<u>\$483,797</u>		<u>\$483,797</u>
Net increase (decrease) in cash and cash equivalents	\$403,252	\$8,502	\$411,754
Cash and cash equivalents - January 1	295,937		295,937
Cash and cash equivalents - December 31	<u>\$699,189</u>	<u>\$8,502</u>	<u>\$707,691</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$372,062	(\$3,760)	\$368,302
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$730,800		\$730,800
(Increase) decrease in miscellaneous receivable	(272,149)		(272,149)
(Increase) decrease in due from other funds	255		255
(Increase) decrease in inventories	(13,373)		(13,373)
(Increase) decrease in prepaid items	-	163,561	163,561
(Increase) decrease in deferred outflows	(94,207)		(94,207)
Increase (decrease) in accounts payable	37,026	(1,310)	35,716
Increase (decrease) in accrued salaries payable	(15,311)		(15,311)
Increase (decrease) in compensated absences	(15,465)		(15,465)
Increase (decrease) in intergovernmental payable	2,097		2,097
Increase (decrease) in net pension liability	(91,993)		(91,993)
Increase (decrease) in due to other funds	623		623
Increase (decrease) in unearned revenues		(2,275)	(2,275)
Increase (decrease) in deferred inflows	147,652		147,652
Other income	28,625		28,625
Total adjustments	<u>\$444,580</u>	<u>\$159,976</u>	<u>\$604,556</u>
Net cash provided (used) by operating activities	<u>\$816,642</u>	<u>\$156,216</u>	<u>\$972,858</u>
Noncash investing, capital, and financing activities:			
Capital asset disposals	(\$740,020)		(\$740,020)
Change in fair value of investments	(53,103)		(53,103)

CITY OF FERGUS FALLS, MINNESOTA
Combining Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2021

	Custodial Funds			Total Custodial Funds
	Flexible Benefit	Business Development for Fergus Falls	Insurance Escrow	
ASSETS				
Cash and cash equivalents	\$22,769	\$395,892	\$16,976	\$435,637
Interest receivable		965		965
Total assets	<u>\$22,769</u>	<u>\$396,857</u>	<u>\$16,976</u>	<u>\$436,602</u>
LIABILITIES				
Accounts payable	\$6,936			\$6,936
Total liabilities	<u>\$6,936</u>			<u>\$6,936</u>
FIDUCIARY NET POSITION				
Restricted for:				
Flexible benefits held for participants	\$15,833			\$15,833
Other organizations		396,857		396,857
Resident insurance claims			16,976	16,976
Total fiduciary net position	<u>\$15,833</u>	<u>\$396,857</u>	<u>\$16,976</u>	<u>\$429,666</u>

CITY OF FERGUS FALLS, MINNESOTA
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2021

	Custodial Funds			Total Custodial Funds
	Flexible Benefit	Business Development for Fergus Falls	Insurance Escrow	
ADDITIONS				
Flexible benefit contributions	\$58,757			\$58,757
Insurance escrow proceeds			19,618	19,618
Investment earnings		(2,538)		(2,538)
Total additions	\$58,757	(\$2,538)	\$19,618	\$75,837
DEDUCTIONS				
Public safety			\$7,037	\$7,037
Economic development		2,337		2,337
Flexible benefit payments	56,048			56,048
Total deductions	\$56,048	\$2,337	\$7,037	\$65,422
Change in fiduciary net position	\$2,709	(\$4,875)	\$12,581	\$10,415
Fiduciary net position - beginning	\$13,124	\$401,732	\$4,395	\$419,251
Fiduciary net position - ending	\$15,833	\$396,857	\$16,976	\$429,666

CITY OF FERGUS FALLS, MINNESOTA
Balance Sheet
Discretely Presented Component Unit
PEG Access
December 31, 2021

	Actual Amounts
ASSETS	
Cash and cash equivalents	\$243,299
Receivables:	
Other	20,973
Total assets	\$264,272
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$955
Accrued salaries payable	947
Intergovernmental payable	58
Total liabilities	\$1,960
Fund balance:	
Unassigned	\$262,312
Total liabilities and fund balance	\$264,272
Adjustment to reflect capital assets of component unit:	
Cost of Capital Assets	\$202,518
Less: Accumulated depreciation	(182,622)
Adjustment to reflect noncurrent liabilities related to component unit	(9,343)
Net position of governmental activities - component unit - PEG Access	\$272,865

CITY OF FERGUS FALLS, MINNESOTA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Discretely Presented Component Unit
PEG Access
For the Year Ended December 31, 2021

	<u>Actual Amounts</u>
REVENUES	
Intergovernmental	\$102,724
Charges for services	730
Investment earnings	(1,462)
Other	481
	<hr/>
Total revenues	\$102,473
EXPENDITURES	
Current:	
General government	\$78,929
	<hr/>
Total expenditures	\$78,929
	<hr/>
Excess (deficiency) of revenues over (under) expenditures	\$23,544
	<hr/>
Net change in fund balances	\$23,544
Fund balance - beginning	238,768
	<hr/>
Fund balance - ending	\$262,312
	<hr/> <hr/>
Adjustments to reflect capital assets related to component unit:	
Depreciation expense	(\$20,435)
Adjustment to reflect the change in noncurrent liabilities related to component unit	(2,202)
	<hr/>
Change in net position of governmental activities - component unit - PEG Access	\$907
	<hr/> <hr/>

CITY OF FERGUS FALLS, MINNESOTA
Balance Sheet
Discretely Presented Component Unit
Fergus Falls Convention and Visitor's Bureau, Inc. (CVB)
December 31, 2021

	Actual Amounts
ASSETS	
Cash and cash equivalents	\$110,069
Receivables:	
Interest	268
Intergovernmental	38,943
Prepaid items	3,696
Total assets	\$152,976
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$3,275
Accrued salaries payable	1,095
Total liabilities	\$4,370
Fund balance:	
Unassigned	\$148,606
Total liabilities and fund balance	\$152,976
Adjustment to reflect noncurrent liabilities related to component unit	(4,548)
Net position of governmental activities - component unit - CVB	\$144,058

CITY OF FERGUS FALLS, MINNESOTA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Discretely Presented Component Unit
Fergus Falls Convention and Visitor's Bureau, Inc. (CVB)
For the Year Ended December 31, 2021

	<u>Actual Amounts</u>
REVENUES	
Intergovernmental	\$181,116
Contributions	500
Investment earnings	<u>(789)</u>
Total revenues	<u>\$180,827</u>
EXPENDITURES	
Current:	
Community development	<u>\$144,899</u>
Total expenditures	<u>\$144,899</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$35,928</u>
Net change in fund balances	\$35,928
Fund balance - beginning	<u>112,678</u>
Fund balance - ending	<u><u>\$148,606</u></u>
Adjustment to reflect the change in noncurrent liabilities related to component unit	<u>792</u>
Change in net position of governmental activities - component unit - CVB	<u><u>\$36,720</u></u>

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STATISTICAL SECTION

This part of the City of Fergus Falls' 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.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	165
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	170
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	174
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	179
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	181

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

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CITY OF FERGUS FALLS, MINNESOTA
Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities:										
Net investment in capital assets	\$55,502,396	\$58,413,079	\$60,951,220	\$63,063,727	\$64,989,143	\$66,137,420	\$67,856,219	\$60,231,474	\$61,241,331	\$63,181,816
Restricted	6,512,185	6,616,357	6,619,989	6,889,755	6,979,269	6,664,003	6,849,816	7,751,389	8,420,628	8,551,623
Unrestricted	15,005,550	14,795,039	14,357,890	10,232,263	8,458,300	7,730,557	7,267,442	8,669,770	10,741,169	14,380,306
Total governmental activities net position	<u>\$77,020,131</u>	<u>\$79,824,475</u>	<u>\$81,929,099</u>	<u>\$80,185,745</u>	<u>\$80,426,712</u>	<u>\$80,531,980</u>	<u>\$81,973,477</u>	<u>\$76,652,633</u>	<u>\$80,403,128</u>	<u>\$86,113,745</u>
Business-type activities:										
Net investment in capital assets	\$31,605,185	\$31,614,438	\$31,278,978	\$31,091,257	\$32,610,325	\$32,274,452	\$31,546,787	\$32,084,209	\$31,732,617	\$31,558,733
Restricted	3,164,679	3,118,928	1,823,297	1,823,665	1,828,312	1,782,760	1,967,361	2,074,052	2,261,802	2,157,565
Unrestricted	14,812,917	14,427,883	16,765,977	15,476,907	15,905,018	16,700,345	18,031,458	19,266,494	21,876,703	23,334,325
Total business-type activities net position	<u>\$49,582,781</u>	<u>\$49,161,249</u>	<u>\$49,868,252</u>	<u>\$48,391,829</u>	<u>\$50,343,655</u>	<u>\$50,757,557</u>	<u>\$51,545,606</u>	<u>\$53,424,755</u>	<u>\$55,871,122</u>	<u>\$57,050,623</u>
Primary government:										
Net investment in capital assets	\$87,107,581	\$90,027,517	\$92,230,198	\$94,154,984	\$97,599,468	\$98,411,872	\$99,403,006	\$92,315,683	\$92,973,948	\$94,026,581
Restricted	9,676,864	9,735,285	8,443,286	8,713,420	8,807,581	8,446,763	8,817,177	9,825,441	10,682,430	10,709,188
Unrestricted	29,818,467	29,222,922	31,123,867	25,709,170	24,363,318	24,430,902	25,298,900	27,936,264	32,617,872	38,428,599
Total primary government net position	<u>\$126,602,912</u>	<u>\$128,985,724</u>	<u>\$131,797,351</u>	<u>\$128,577,574</u>	<u>\$130,770,367</u>	<u>\$131,289,537</u>	<u>\$133,519,083</u>	<u>\$130,077,388</u>	<u>\$136,274,250</u>	<u>\$143,164,368</u>

CITY OF FERGUS FALLS, MINNESOTA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
EXPENSES:										
Governmental activities:										
General government	\$1,937,426	\$1,889,345	\$1,945,454	\$2,065,828	\$2,458,631	\$2,462,045	\$2,461,445	\$2,346,537	\$2,367,778	\$2,278,776
Public safety	3,444,642	3,427,710	3,570,174	3,882,416	5,146,674	4,654,752	4,381,379	4,732,107	5,390,190	4,223,211
Streets and highways	5,674,494	3,106,076	3,205,119	3,150,581	3,487,895	3,813,044	3,732,304	5,956,562	3,947,363	3,604,589
Sanitation	67,561	76,504	69,158	75,716	77,672	82,683	85,516	48,671	43,650	39,876
Airport	329,428	338,534	503,714	374,736	360,852	383,767	387,634	390,983	401,828	455,053
Culture and recreation	2,777,521	2,843,327	3,051,367	3,111,232	3,180,026	3,393,503	3,495,200	3,756,250	3,354,503	3,619,536
Community development	320,551	226,661	203,259	297,854	398,289	346,735	223,862	295,167	263,089	303,216
Economic development	1,144,324	1,173,394	680,921	826,405	1,403,907	950,161	2,164,545	2,779,698	1,219,034	1,011,599
Interest on long-term debt	586,467	484,984	436,492	425,252	254,802	224,228	339,920	336,125	470,878	258,834
Total governmental activities expenses	\$16,282,414	\$13,566,535	\$13,665,658	\$14,210,020	\$16,768,748	\$16,310,918	\$17,271,805	\$20,642,100	\$17,458,313	\$15,794,690
Business-type activities:										
Waste Management	\$2,236,592	\$2,415,188	\$2,338,344	\$2,203,484	\$2,560,498	\$2,639,303	\$2,752,991	\$3,055,260	\$3,141,171	\$3,050,271
Liquor Store	4,873,372	4,919,289	4,946,859	5,070,033	5,217,008	5,332,113	5,410,891	5,561,035	6,488,734	6,236,844
Sewage Disposal	2,004,641	2,075,806	2,074,351	2,081,176	2,123,459	2,132,753	1,830,671	1,895,252	1,883,245	1,891,615
Water Department	1,781,243	1,838,555	1,712,404	1,611,978	1,676,935	1,648,924	1,916,439	1,767,086	1,733,887	1,802,895
Storm Water	368,434	369,743	338,483	394,296	406,506	413,835	384,714	430,426	438,546	404,799
Total business-type activities expenses	\$11,264,282	\$11,618,581	\$11,410,441	\$11,360,967	\$11,984,406	\$12,166,928	\$12,295,706	\$12,709,059	\$13,685,583	\$13,386,424
Total primary government expenses	\$27,546,696	\$25,185,116	\$25,076,099	\$25,570,987	\$28,753,154	\$28,477,846	\$29,567,511	\$33,351,159	\$31,143,896	\$29,181,114
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
General government	\$768,169	\$778,335	\$174,449	\$265,012	\$350,305	\$234,152	\$196,565	\$217,604	\$205,981	\$266,156
Public safety	305,262	319,863	336,394	418,966	453,853	443,685	401,031	447,838	525,877	486,142
Streets and highways	38,586	46,245	39,540	38,908	36,142	40,190	43,943	56,030	43,576	44,861
Sanitation	6,155	250	1,025	1,269	2,779	4,535	1,797	6,046	6,652	2,506
Airport	31,182	33,968	33,241	27,023	25,262	29,866	33,298	30,974	29,258	130,828
Culture and recreation	577,931	591,280	609,416	614,258	642,284	646,634	656,091	639,777	496,431	640,294
Community development	10,449	8,500	8,500	8,500	8,500	8,500	18,500	8,500	8,500	8,500
Economic development	727,867	652,650	661,848	680,867	494,938	332,306	393,624	434,153	530,024	457,693
Operating grants and contributions	752,489	762,592	818,403	873,243	1,037,581	1,380,442	2,200,028	1,030,504	2,132,844	1,379,154
Capital grants and contributions	12,745,136	3,260,932	1,806,345	1,287,332	3,778,915	1,571,409	2,042,179	6,175,745	2,865,669	3,950,636
Total governmental activities program revenues	\$15,963,226	\$6,454,615	\$4,489,161	\$4,215,378	\$6,830,559	\$4,691,719	\$5,987,056	\$9,047,171	\$6,844,812	\$7,366,770

(Continued)

**Table 2
(Continued)**

**CITY OF FERGUS FALLS, MINNESOTA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Business-type activities:										
Charges for services:										
Waste Management	\$2,294,725	\$2,390,522	\$2,540,157	\$2,580,556	\$2,785,653	\$3,078,737	\$3,108,981	\$3,244,571	\$3,487,852	\$3,529,247
Liquor Store	5,522,706	5,563,223	5,571,765	5,688,653	5,807,612	5,932,434	6,171,342	6,321,527	7,575,587	7,390,394
Sewage Disposal	2,039,089	2,109,988	2,147,054	2,048,795	2,260,595	2,294,721	2,310,245	2,488,495	2,339,699	2,184,538
Water Department	1,801,668	1,833,430	1,958,061	2,116,840	2,228,269	2,272,512	2,302,974	2,419,541	2,577,360	2,829,722
Storm Water	388,966	407,090	438,633	478,279	496,032	539,298	549,744	590,062	641,082	652,482
Total business-type activities program revenues	<u>\$12,047,154</u>	<u>\$12,304,253</u>	<u>\$12,655,670</u>	<u>\$12,913,123</u>	<u>\$13,578,161</u>	<u>\$14,117,702</u>	<u>\$14,443,286</u>	<u>\$15,064,196</u>	<u>\$16,621,580</u>	<u>\$16,586,383</u>
Total primary government program revenues	<u>\$28,010,380</u>	<u>\$18,758,868</u>	<u>\$17,144,831</u>	<u>\$17,128,501</u>	<u>\$20,408,720</u>	<u>\$18,809,421</u>	<u>\$20,430,342</u>	<u>\$24,111,367</u>	<u>\$23,466,392</u>	<u>\$23,953,153</u>
NET (EXPENSE) REVENUE:										
Governmental activities	(\$319,188)	(\$7,111,920)	(\$9,176,497)	(\$9,994,642)	(\$9,938,189)	(\$11,619,199)	(\$11,284,749)	(\$11,594,929)	(\$10,613,501)	(\$8,427,920)
Business-type activities	782,872	685,672	1,245,229	1,552,156	1,593,755	1,950,774	2,147,580	2,355,137	2,935,997	3,199,959
Total primary government net (expense) revenue	<u>\$463,684</u>	<u>(\$6,426,248)</u>	<u>(\$7,931,268)</u>	<u>(\$8,442,486)</u>	<u>(\$8,344,434)</u>	<u>(\$9,668,425)</u>	<u>(\$9,137,169)</u>	<u>(\$9,239,792)</u>	<u>(\$7,677,504)</u>	<u>(\$5,227,961)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Taxes:										
Property taxes	\$4,238,770	\$4,738,389	\$4,672,685	\$4,950,087	\$5,262,003	\$5,602,836	\$5,999,619	\$6,372,652	\$6,627,148	\$6,597,663
Local option sales tax	1,135,059	1,205,315	1,254,844	1,233,022	1,287,047		1,312,194	1,354,084	1,430,063	1,560,963
Lodging taxes	132,719	145,852	161,678	152,642	147,245	141,028	143,020	138,668	90,992	138,801
Tax increments	189,778	111,367	126,185	135,623	104,408	139,249	198,127	216,458	257,208	235,289
Unrestricted intergovernmental revenues	3,567,947	3,566,394	3,623,637	3,633,688	3,638,476	3,640,798	3,673,440	3,675,370	3,765,510	3,801,491
Unrestricted investment earnings	478,727	(74,564)	415,185	215,405	203,981	297,797	254,281	676,972	602,071	(95,456)
Gain on sale of capital assets					12,766	9,402	12,280	4,279	39,995	
Special item				337,014	(322,476)			(7,641,790)		
Transfers	(1,238,651)	809,231	1,026,907	1,328,249	(154,294)	1,893,357	1,565,393	1,477,392	1,551,009	1,899,786
Total governmental activities	<u>\$8,504,349</u>	<u>\$10,501,984</u>	<u>\$11,281,121</u>	<u>\$11,985,730</u>	<u>\$10,179,156</u>	<u>\$11,724,467</u>	<u>\$13,158,354</u>	<u>\$6,274,085</u>	<u>\$14,363,996</u>	<u>\$14,138,537</u>
Business-type activities:										
Unrestricted investment earnings	\$641,118	(\$128,296)	\$488,681	\$225,582	\$203,777	\$356,485	\$336,035	\$1,001,404	\$1,061,379	(\$155,914)
Special item				(300,000)						35,242
Transfers	1,238,651	(809,231)	(1,026,907)	(1,328,249)	154,294	(1,893,357)	(1,565,393)	(1,477,392)	(1,551,009)	(1,899,786)
Total business-type activities	<u>\$1,879,769</u>	<u>(\$937,527)</u>	<u>(\$538,226)</u>	<u>(\$1,402,667)</u>	<u>\$358,071</u>	<u>(\$1,536,872)</u>	<u>(\$1,229,358)</u>	<u>(\$475,988)</u>	<u>(\$489,630)</u>	<u>(\$2,020,458)</u>
Total primary government	<u>\$10,384,118</u>	<u>\$9,564,457</u>	<u>\$10,742,895</u>	<u>\$10,583,063</u>	<u>\$10,537,227</u>	<u>\$10,187,595</u>	<u>\$11,928,996</u>	<u>\$5,798,097</u>	<u>\$13,874,366</u>	<u>\$12,118,079</u>
CHANGE IN NET POSITION:										
Government activities	\$8,185,161	\$3,390,064	\$2,104,624	\$1,991,088	\$240,967	\$105,268	\$1,873,605	(\$5,320,844)	\$3,750,495	\$5,710,617
Business-type activities	2,662,641	(251,855)	707,003	149,489	1,951,826	413,902	918,222	1,879,149	2,446,367	1,179,501
Total primary government	<u>\$10,847,802</u>	<u>\$3,138,209</u>	<u>\$2,811,627</u>	<u>\$2,140,577</u>	<u>\$2,192,793</u>	<u>\$519,170</u>	<u>\$2,791,827</u>	<u>(\$3,441,695)</u>	<u>\$6,196,862</u>	<u>\$6,890,118</u>

CITY OF FERGUS FALLS, MINNESOTA
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Nonspendable	\$235,898	\$435,429	\$440,267	\$491,482	\$175,646	\$150,706	\$163,928	\$177,927	\$202,355	\$234,930
Restricted	1,006,173	997,622	878,612	948,828	1,090,979	1,140,596	2,252,268	2,140,762	2,781,052	2,065,517
Assigned	1,498,517	1,419,235	1,333,450	1,393,510	1,193,283	1,104,038	972,496	1,080,260	1,171,134	1,319,487
Unassigned	3,985,651	3,824,758	3,823,862	4,246,697	4,624,482	4,700,345	4,783,684	5,259,736	6,031,039	6,553,239
Total General Fund	\$6,726,239	\$6,677,044	\$6,476,191	\$7,080,517	\$7,084,390	\$7,095,685	\$8,172,376	\$8,658,685	\$10,185,580	\$10,173,173
All Other Governmental Funds										
Nonspendable	\$29,470	\$28,075	\$28,075	\$28,075	\$14,301	\$14,301	\$14,301	\$14,989	\$14,301	\$16,299
Restricted	7,249,581	6,021,097	5,989,023	5,976,461	5,892,809	11,938,437	5,342,900	5,673,179	6,114,513	6,506,683
Committed	262,151	316,713	317,992	397,823	436,743	495,255	458,875	505,972	563,160	624,059
Assigned	6,406,242	6,261,647	5,877,145	5,178,442	4,659,401	4,843,250	4,851,756	4,970,512	5,279,310	6,931,261
Total All Other Governmental Funds	\$13,947,444	\$12,627,532	\$12,212,235	\$11,580,801	\$11,003,254	\$17,291,243	\$10,667,832	\$11,164,652	\$11,971,284	\$14,078,302

Note: The City implemented GASB Statement No. 54 in 2011, resulting in a change in fund balance classifications.

CITY OF FERGUS FALLS, MINNESOTA
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES:										
Taxes	\$5,691,615	\$6,216,341	\$6,212,720	\$6,464,130	\$6,770,654	\$5,846,387	\$7,623,925	\$8,112,312	\$8,384,683	\$8,573,030
Special assessments	812,268	676,623	572,685	472,552	460,754	630,675	411,971	584,418	361,151	474,217
Licenses and permits	108,086	117,531	133,989	195,553	172,476	196,625	127,783	200,112	182,754	225,777
Intergovernmental	16,058,301	6,059,183	5,379,180	4,892,534	7,464,860	5,081,759	6,138,292	9,812,734	8,248,877	8,347,374
Charges for services	1,296,420	1,317,056	826,534	874,392	996,899	979,992	1,024,319	977,258	933,269	1,027,672
Fines and forfeits	110,950	122,560	115,751	118,317	127,490	103,251	94,957	105,731	109,761	87,912
Contributions	697,900	706,562	516,543	338,356	419,622	1,046,432	766,662	164,667	153,346	432,396
Investment earnings	435,853	(74,822)	372,377	187,460	189,470	264,785	231,894	597,714	509,790	(78,258)
Other interest income	333,554	250,897	236,151	217,811	188,338	185,717	194,109	193,109	124,804	115,687
Rent	611,944	606,695	611,144	634,274	388,329	289,731	312,443	357,222	445,243	501,423
Other	202,499	207,002	195,736	149,069	251,661	131,769	397,268	144,304	127,950	201,123
Total revenues	\$26,359,390	\$16,205,628	\$15,172,810	\$14,544,448	\$17,430,553	\$14,757,123	\$17,323,623	\$21,249,581	\$19,581,628	\$19,908,353
EXPENDITURES:										
Current:										
General government	\$1,663,605	\$1,649,562	\$1,718,270	\$1,818,839	\$2,075,846	\$2,113,925	\$2,126,948	\$2,076,492	\$2,135,300	\$2,062,382
Public safety	3,353,912	3,280,824	3,454,271	3,555,536	3,800,798	4,099,153	4,277,152	4,465,508	5,476,974	4,624,077
Streets and highways	1,996,660	1,891,081	2,008,043	1,887,913	2,211,386	2,582,236	2,379,285	4,608,073	2,886,159	2,586,972
Sanitation	68,003	76,383	70,667	77,809	77,525	81,274	84,083	48,901	46,762	42,803
Airport	189,082	186,158	187,842	205,451	194,026	208,939	205,063	209,516	219,906	255,779
Culture and recreation	2,320,510	2,270,446	2,421,199	2,469,304	2,572,279	2,666,858	2,864,657	2,988,008	2,518,129	2,765,558
Community development	320,551	226,661	203,259	297,833	399,052	346,735	223,765	301,302	269,338	303,489
Economic development	476,761	528,922	570,156	601,899	1,387,474	882,133	2,005,862	2,639,380	1,084,010	848,506
Debt service:										
Principal	3,703,533	3,337,074	3,303,801	4,958,651	2,836,451	1,243,895	1,894,780	2,994,216	2,085,061	1,956,201
Interest	458,370	564,330	458,395	389,737	283,626	232,704	400,160	363,656	467,599	417,561
Other	122,399	990	4,585	61,408	4,090	1,415	7,250	1,485	110,206	2,356
Capital Outlay	16,873,500	4,561,146	2,692,000	1,684,350	3,952,613	3,488,853	8,063,490	4,853,504	2,470,722	6,119,362
Total expenditures	\$31,546,886	\$18,573,577	\$17,092,488	\$18,008,730	\$19,795,166	\$17,948,120	\$24,532,495	\$25,550,041	\$19,770,166	\$21,985,046
Excess (deficit) of revenues over (under) expenditures	<u>(\$5,187,496)</u>	<u>(\$2,367,949)</u>	<u>(\$1,919,678)</u>	<u>(\$3,464,282)</u>	<u>(\$2,364,613)</u>	<u>(\$3,190,997)</u>	<u>(\$7,208,872)</u>	<u>(\$4,300,460)</u>	<u>(\$188,538)</u>	<u>(\$2,076,693)</u>
OTHER FINANCING SOURCES (USES):										
Transfers in	\$4,391,631	\$4,810,295	\$5,124,349	\$4,710,866	\$4,471,986	\$4,415,608	\$3,477,355	\$2,599,916	\$2,409,119	\$3,067,833
Transfers out	(3,594,705)	(3,822,811)	(3,822,709)	(3,186,175)	(2,803,706)	(2,351,789)	(1,892,396)	(1,037,352)	(703,240)	(962,726)
Insurance recoveries				45,747	108,323					
Installment purchase contract	375,000				336,812		76,591			
General obligation bonds issued	7,745,000			1,830,000		7,055,000		3,580,000	666,124	2,060,293
Refunding bonds issued									5,245,000	
Premium on general obligation bonds issued	169,933			28,426		357,996		141,025	608,862	5,204
Payment of refunded bonds	(565,000)								(5,705,000)	
Sale of capital assets	13,175	11,358	1,888	8,310		13,466			1,200	700
Total other financing sources (uses)	\$8,535,034	\$998,842	\$1,303,528	\$3,437,174	\$2,113,415	\$9,490,281	\$1,661,550	\$5,283,589	\$2,522,065	\$4,171,304
Special item - golf course loan					(322,476)					
Net change in fund balances	\$3,347,538	(\$1,369,107)	(\$616,150)	(\$27,108)	(\$573,674)	\$6,299,284	(\$5,547,322)	\$983,129	\$2,333,527	\$2,094,611
Debt service as a percentage of noncapital expenditures	20.63%	25.96%	25.16%	31.93%	17.73%	10.08%	13.76%	16.11%	14.78%	14.74%

Table 5

**CITY OF FERGUS FALLS, MINNESOTA
Tax Capacity and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year	Residential Property	Commercial Industrial Property	Other Property	Less: Powerline	Less: Tax Increment Property	Net Taxable Tax Capacity	Taxable Market Value	Direct City Tax Rate	Taxable Tax Capacity as a Percentage of Taxable Market Value
2012	\$4,920,256	\$3,423,143	\$1,044,593		\$159,891	\$9,228,101	\$718,301,400	46.32%	1.28%
2013	4,925,841	3,386,972	1,075,197		98,742	9,289,268	717,581,400	51.19%	1.29%
2014	4,937,421	3,476,063	1,208,267		115,568	9,506,183	729,879,400	49.86%	1.30%
2015	4,939,965	3,311,358	1,276,113	595	114,954	9,411,887	725,690,100	52.96%	1.30%
2016	5,114,076	3,400,461	1,233,543	1,478	89,236	9,657,366	744,579,100	54.83%	1.30%
2017	5,455,437	3,416,866	1,331,135	1,592	117,849	10,083,997	783,410,400	55.55%	1.29%
2018	5,782,815	3,494,625	1,340,012	1,631	135,181	10,480,640	819,457,600	57.82%	1.28%
2019	6,205,615	3,528,159	1,432,921	1,527	178,023	10,987,145	870,256,200	58.60%	1.26%
2020	6,516,903	3,593,880	1,406,024	1,495	210,573	11,304,739	902,160,900	58.25%	1.25%
2021	7,032,544	3,557,252	1,482,210	1,520	207,511	11,862,975	955,329,100	55.49%	1.24%

Source: Otter Tail County

Table 6

CITY OF FERGUS FALLS, MINNESOTA
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	City Direct Rate			ISD #544	Otter Tail County	HRA	Port Authority
	Operating Rate	Debt Service Rate	Total Direct Rate				
2012	41.24	5.08	46.32	27.04	38.37	1.46	-
2013	42.01	9.18	51.19	25.40	40.84	1.45	-
2014	41.36	8.50	49.86	19.83	41.13	1.44	-
2015	44.72	8.24	52.96	22.85	40.72	1.63	-
2016	48.48	6.35	54.83	22.71	41.33	1.62	-
2017	49.51	6.04	55.55	22.62	41.07	1.61	-
2018	52.00	5.82	57.82	22.33	41.50	1.61	-
2019	53.21	5.39	58.60	22.62	40.79	1.62	-
2020	52.60	5.65	58.25	22.36	41.13	1.63	0.66
2021	50.34	5.16	55.49	19.82	40.06	1.63	0.51

Source: Otter Tail County

Note: Tax rates are based on taxable tax capacity

Table 7

CITY OF FERGUS FALLS, MINNESOTA
Principal Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	2021			2012		
		2020/2021 Tax Capacity Value	Rank	Percentage of Total Tax Capacity Value	2011/2012 Tax Capacity Value	Rank	Percentage of Total Tax Capacity Value
Otter Tail Power Company	Public Utility	\$1,224,688	1	10.14%	\$976,584	1	10.40%
Lake Region Healthcare Corp.	Healthcare	188,453	2	1.56%	80,993	7	0.86%
Great Plains Natural Gas Co.	Public Utility	128,720	3	1.07%			
MFF Mortgage Borrowers 15 LLC	Retail Discount Store	127,148	4	1.05%			
Walmart Real Estate Bus Tst	Retail Discount Store	109,172	5	0.90%	124,814	3	1.33%
LRH Medical Properties LLC	Healthcare	97,366	6	0.81%	81,666	6	0.87%
Sterling Offc & Ind Prop LLLP	Industrial	89,810	7	0.74%			
Sunset Ridge Apts of FF LLP	Housng	87,701	8	0.73%			
Home Depot USA Inc.	Retail Discount Store	81,446	9	0.67%	98,592	4	1.05%
Aura Capital LLC	Commercial	66,672	10	0.55%			
Mills Properties Inc.	Retail Discount Store				160,836	2	1.71%
Western MN Industries Inc.	Industrial				90,375	5	0.96%
Dayton Hudson Corp.	Retail Discount Store				65,434	9	0.70%
Westridge Mall LTD Partnership	Shopping Mall				80,258	8	0.85%
Dirkmann Perry Real Estate PTR	Industrial				61,260	10	0.65%
		<u>\$2,201,176</u>		<u>18.23%</u>	<u>\$1,820,812</u>		<u>19.40%</u>

Source: Otter Tail County

Table 8

CITY OF FERGUS FALLS, MINNESOTA
Property Tax Levies and Collections
Last Ten Fiscal Years

Year Collected	Tax Levy	Collected within the Year of the Levy					Tax Collection to Date		
		Current Year Additions/ Abatements	Subsequent Year Additions/ Abatements	Adjusted Levy	Current Year Collections	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2012	\$4,220,429	\$11,762	(\$20,492)	\$4,211,699	\$4,173,096	98.60%	\$38,446	\$4,211,543	100.00%
2013	4,701,492	22,917	(2,758)	4,721,651	4,675,380	98.96%	45,346	4,720,727	99.98%
2014	4,701,304	(16,762)	(663)	4,683,879	4,638,652	99.02%	43,888	4,682,540	99.97%
2015	4,932,384	(88)	7,799	4,940,095	4,868,368	98.70%	48,906	4,917,274	99.54%
2016	5,238,001	8,582	(7,498)	5,239,085	5,175,821	98.65%	41,021	5,216,842	99.58%
2017	5,601,173	(8,489)	8,966	5,601,650	5,524,886	98.79%	71,850	5,596,736	99.91%
2018	5,977,955	(1,334)	7,124	5,983,745	5,894,936	98.63%	86,266	5,981,202	99.96%
2019	6,366,530	(3,343)	4,602	6,367,790	6,310,088	99.17%	52,480	6,362,568	99.92%
2020	6,529,647	1,326	(16,833)	6,514,140	6,461,723	98.94%	42,841	6,504,564	99.85%
2021	6,544,588	(724)	0	6,543,864	6,468,492	98.85%	0	6,468,492	98.85%

Note: The above data includes abatements and additions, but does not include tax increment districts.

Source: Otter Tail County

Tax Levy = Spread Levy

Table 9

CITY OF FERGUS FALLS, MINNESOTA
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Business-type Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita (2)
	General Obligation Bonds	G.O. Tax Increment Bonds	G.O. Revenue Bonds	G.O. Improvement Bonds	G.O. Port Authority Bonds	G.O. Certificates of Indebtedness	Notes and Contracts Payable	G.O. Revenue Bonds	Revenue Bonds	Notes and Contracts Payable				
2012	\$6,760,000			\$15,119,124		\$56,000	\$819,575	\$5,966,197	\$630,000	\$132,003	\$29,482,899	9.45%	\$2,250	
2013	4,990,000			13,698,258		38,000	670,501	5,593,719	515,000	104,531	25,610,009	8.29%	1,936	
2014	3,260,000			12,237,392		19,000	555,700	5,216,239	395,000	76,021	21,759,352	7.03%	1,637	
2015	1,600,000			10,899,952			451,044	3,161,939	270,000	46,436	16,429,371	4.97%	1,237	
2016				9,805,027			621,405	2,840,853	140,000	15,733	13,423,018	3.74%	992	
2017			7,412,996	8,832,966			332,510	2,629,768			19,208,240	4.81%	1,383	
2018			6,533,330	7,908,946			244,321	3,610,348			18,296,945	4.66%	1,330	
2019			4,463,664	7,872,310	2,813,644		190,105	5,727,119			21,066,842	5.30%	1,530	
2020			3,313,998	7,066,631	3,018,147	449,903	140,044	5,469,848			19,458,571	4.76%	1,414	
2021			2,129,332	6,288,353	5,027,023	419,358	88,843	5,094,968			19,047,877	4.48%	1,349	

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

(1) See the Schedule of Demographic and Economic Statistics on Table 14 for personal income data.

(2) See the Schedule of Demographic and Economic Statistics on Table 14 for population data.

Table 10

CITY OF FERGUS FALLS, MINNESOTA
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Business-type Activities	Less: Net Postion Restricted for Debt Service	Total	Percentage of Taxable Market Value of Property	
	General Obligation Bonds	G.O. Tax Increment Bonds	G.O. Revenue Bonds	G.O. Improvement Bonds	G.O. Port Authority Bonds	G.O. Certificates of Indebtedness	G.O. Revenue Bonds			Per Capita (1)	
2012	\$6,760,000			\$15,119,124		\$56,000	\$5,966,197	\$196,453	\$27,704,868	3.86%	\$2,114
2013	4,990,000			13,698,258		38,000	5,593,719	257,272	24,062,705	3.35%	1,819
2014	3,260,000			12,237,392		19,000	5,216,239	256,488	20,476,143	2.81%	1,540
2015	1,600,000			10,899,952			3,161,939	247,236	15,414,655	2.12%	1,161
2016				9,805,027			2,840,853	197,757	12,448,123	1.67%	920
2017			7,412,996	8,832,966			2,629,768	39,934	18,835,796	2.40%	1,356
2018			6,533,330	7,908,946			3,610,348	407,696	17,644,928	2.15%	1,283
2019			4,463,664	7,872,310	2,813,644		5,727,119	610,683	20,266,054	2.33%	1,472
2020			3,313,998	7,066,631	3,018,147	449,903	5,469,848	809,638	18,508,889	2.05%	1,345
2021			2,129,332	6,288,353	5,027,023	419,358	5,094,968	1,106,924	17,852,110	1.87%	1,264

(1) See Schedule of Demographic and Economic Statistics on Table 14 for population data.

CITY OF FERGUS FALLS, MINNESOTA
Direct and Overlapping Governmental Activities Debt
December 31, 2021

	Debt Outstanding	Percentage Applicable to City of Fergus Falls (1)	Amount Applicable to City of Fergus Falls
City of Fergus Falls direct debt	\$13,080,260	100.00%	\$13,080,260
ISD #544	12,185,000	50.96%	6,209,476
Otter Tail County	66,365,000	10.80%	7,167,420
Subtotal, overlapping debt	<u>\$78,550,000</u>		<u>\$13,376,896</u>
Total Direct and Overlapping Debt	<u><u>\$91,630,260</u></u>		<u><u>\$26,457,156</u></u>

Source: Debt outstanding data and percentage applicable to the City provided by Otter Tail County.

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 Fergus Falls. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

(1) The percentage of overlapping debt applicable to the City of Fergus Falls is estimated using net tax capacity values. Applicable percentages were established by determining the portion of the City's net tax capacity value that is within the County's boundaries and dividing it by the County's total net tax capacity value.

**CITY OF FERGUS FALLS, MINNESOTA
Legal Debt Margin Information
Last Ten Fiscal Years**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit 3% of taxable market value	\$21,549,042	\$21,527,442	\$21,896,382	\$21,770,703	\$22,337,373	\$23,502,312	\$24,583,728	\$26,107,686	\$27,064,827	\$28,659,873
Total net debt applicable to limit	6,746,565	6,462,057	6,227,001	5,901,059	5,595,174	5,285,482	4,972,904	4,640,633	4,836,856	4,485,778
Legal debt margin	<u>\$14,802,477</u>	<u>\$15,065,385</u>	<u>\$15,669,381</u>	<u>\$15,869,644</u>	<u>\$16,742,199</u>	<u>\$18,216,830</u>	<u>\$19,610,824</u>	<u>\$21,467,053</u>	<u>\$22,227,971</u>	<u>\$24,174,095</u>
Total net debt applicable to the limit as a percentage of debt limit	31.31%	30.02%	28.44%	27.11%	25.05%	22.49%	20.23%	17.77%	17.87%	15.65%

Legal Debt Margin Calculation for Fiscal Year 2021

Taxable market value	\$955,329,100
Debt limit (3% of total assessed value)	28,659,873
Debt applicable to limit:	
General obligation debt	4,540,244
Less: Amount set aside for repayment of general obligation debt	(54,466)
Total net debt applicable to limit	<u>\$4,485,778</u>
Legal debt margin	<u>\$24,174,095</u>

CITY OF FERGUS FALLS, MINNESOTA
Pledged-Revenue Coverage
Last Ten Fiscal Years

Liquor Store Bonds						
Fiscal Year	Operating Revenues and Gross Profit	Less: Operating Expense	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	\$1,566,406	\$877,907	\$688,499	\$110,000	\$41,299	4.55
2013	1,606,415	934,300	672,115	115,000	32,550	4.56
2014	1,590,319	943,274	647,045	120,000	26,607	4.41
2015	1,644,143	1,009,272	634,871	125,000	20,390	4.37
2016	1,643,021	1,049,392	593,629	130,000	13,744	4.13
2017	1,725,420	1,129,070	596,350	140,000	6,810	4.06
2018	1,835,469	1,083,370	752,099			
2019	1,883,770	1,138,843	744,927			
2020	2,299,016	1,218,297	1,080,719			
2021	2,311,765	1,163,527	1,148,238			

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. The bonds were paid in full as of December 31, 2017.

CITY OF FERGUS FALLS, MINNESOTA
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate (4)</u>	<u>Per Capita Income (5)</u>	<u>Total Employment (6)</u>
2012	13,103	\$306,177,801	2,265 (2)	5.70%	\$23,367	10,118
2013	13,228	325,765,956	2,687 (3)	5.30%	24,627	10,036
2014	13,295	331,125,270	2,724 (3)	4.90%	24,906	10,106
2015	13,280	352,451,200	2,826 (3)	3.50%	26,540	10,107
2016	13,528	374,238,592	3,000 (3)	4.00%	27,664	10,104
2017	13,892	396,602,708	3,195 (3)	3.70%	28,549	10,037
2018	13,754	392,662,946	3,750 (3)	3.10%	28,549	10,009
2019	13,766	397,837,400	3,421 (3)	3.50%	28,900	9,980
2020	13,766	408,616,178	3,200 (3)	4.40%	29,683	9,334
2021	14,119 (5)	425,123,090	2,993 (3)	3.50%	30,110	9,406

(1) State Demographer

(2) Annual school census, ISD #544

(3) Annual school census, ISD #544 including iQ Academy

(4) Minnesota Department of Employment and Economic Development - Local Area Unemployment Statistics (LAUS)

(5) U.S. Census

(6) Minnesota Department of Employment and Economic Development - Quarterly Census of Employment and Wages (QCEW)

**CITY OF FERGUS FALLS, MINNESOTA
Principal Employers
Current Year and Nine Years Ago**

Employer	Type of Business	2021			2012		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lake Region Healthcare Corporation	Hospital	835	1	8.88%	873	1	8.63%
ISD #544	Education	418	2	4.44%	338	5	3.34%
Otter Tail County	Government	396	3	4.21%	348	4	3.44%
Otter Tail Power Company	Public Utility	340	4	3.61%	393	2	3.88%
Pioneer Home	Nursing Home	215	5	1.95%	351	3	3.47%
Veterans Home	Nursing Home	194	6	2.29%	185	7	1.83%
City of Fergus Falls	Municipality	192	7	2.06%	169	8	1.67%
LB Homes	Nursing Home	183	8	2.04%	292	6	2.89%
Northern Contours	Manufacturing	161	9	1.71%	168	9	1.66%
Productive Alternatives	Vocational Rehab. Service	157	10	1.67%	136		
MN State Community & Technical College	Higher Education	105			159	10	1.57%
Total Employment		<u>3,196</u>		<u>32.86%</u>	<u>3,412</u>		<u>32.38%</u>

Source: City of Fergus Falls Community Development data

CITY OF FERGUS FALLS, MINNESOTA
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government:										
Administration	2	2	2	2	2	2	2	2	2	2
Finance	7	7	7	7	7	7	7	7	7	7
Data processing	2	2	2	2	2	2	2	2	2	2
Human resources	2	2	2	2	2	2	2	2	2	2
Planning and zoning	1	1	1	1	1	1	1	1	0	1
General government buildings	2	2	2	2	2	2	2	2	2	2
Economic development				1	1	2	1	1	1	1
Other	10	11	11	11	11	11	11	12	11	10
Public Safety:										
Police:										
Licensed	23	23	23	23	23	23	24	24	23	24
Other	5	5	5	6	6	6	6	6	6	6
Fire:										
Chief/Inspector/Training & Safety	3	3	3	3	3	3	3	3	3	3
Building/Zoning Administrator	1	1	2	3	3	3	3	3	2	2
Public Works:										
Engineering/GIS	5	5	6	6	5	6	6	6	6	6
Street	10	10	11	11	11	11	11	11	11	11
Shop	5	5	5	5	5	5	5	5	4	4
Park and Recreation	10	10	10	10	10	11	11	11	10	10
Subtotal	88	89	92	95	94	97	97	98	92	93
Waste Management	10	10	9	9	9	9	9	9	9	9
Liquor Store	11	11	10	10	11	12	13	12	13	14
Sewage Disposal	6	6	6	6	6	6	6	6	6	6
Water Department	7	7	7	7	7	7	7	7	6	6
Subtotal	34	34	32	32	33	34	35	34	34	35
Total	122	123	124	127	127	131	132	132	126	128

Source: Departments of the City

Table 17

CITY OF FERGUS FALLS, MINNESOTA
Operating Indicators by Function/Program
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government:										
Planning:										
Number of case files	21	25	26	34	33	24	21	23	24	21
Number of plats filed	1	1	2	5	3	0	7	5	3	4
Public Safety:										
Police:										
Physical arrests	574	726	789	787	715	751	1,318	757	1,300	903
Citations	981	1,331	1,237	1,248	1,291	1,342	441	420	457	480
Calls for service	11,687	11,881	12,760	12,977	13,455	17,096	12,275	12,863	11,305	10,982
Fire:										
Calls for service	236	234	211	198	190	223	232	341	291	270
Building Official:										
Building permits issued	258	273	280	302	301	305	291	295	345	339
Single family homes permitted	6	9	4	14	14	7	8	16	35	16
Public Works:										
Street:										
Miles of roadway	116.06	116.06	116.05	115.82	118.64	118.64	118.71	118.71	119.89	119.12
Library:										
Physical volumes in collection	71,860	65,567	65,381	63,784	64,939	60,459	65,223	66,537	67,182	68,686
Total physical volumes borrowed	222,329	225,992	224,699	222,327	224,999	215,731	205,236	220,718	151,135	183,088
Digital volumes in collection	3,071	4,285	4,640	6,326	6,845	5,569	7,796	7,230	10,226	20,601
Total digital volumes borrowed	6,096	8,396	9,836	13,695	13,792	14,951	19,166	21,307	25,815	23,329
Park and Recreation:										
Program participants	4,583	5,380	5,472	6,472	8,056	7,345	9,920	6,826	450	6,690
Public Utilities:										
Waste Management:										
Number of accounts	4,580	4,586	4,591	4,634	4,704	4,714	4,754	4,779	4,826	4,843
Sewage Disposal:										
Number of accounts	4,728	4,713	4,733	4,761	4,747	4,768	4,773	4,799	4,860	4,895
Millions of gallons processed	668.00	686.20	669.78	585.60	605.08	643.84	593.16	652.62	625.64	539.78
Water:										
Number of accounts	4,824	4,801	4,819	4,851	4,837	4,858	4,865	4,889	4,949	4,980
Millions of gallons pumped	485.56	453.34	427.11	434.91	423.95	407.40	403.66	367.92	358.38	399.23
Peak demand (MGD)	2.68	2.35	2.02	3.33	2.06	1.90	1.34	2.04	1.86	2.27
Storm Water:										
Number of accounts	4,744	4,729	4,751	4,779	4,858	4,877	4,902	4,928	4,986	5,019

NA: Information not available
Source: Departments of the City

CITY OF FERGUS FALLS, MINNESOTA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Stations	2	1	1	1	1	1	1	1	1	1
Vehicles	17	18	17	17	17	18	19	19	19	22
Fire Stations	1	1	1	1	1	1	1	1	1	1
Street:										
Miles of roadway	116.06	116.06	116.05	115.82	118.64	118.64	118.71	118.71	119.89	119.12
Traffic signals	11	13	13	13	13	13	13	13	13	13
Park & Recreation:										
Acres	347	351	351	351	445	445	455	466	551	551
Parks	22	23	23	23	25	25	25	27	27	29
Ball fields	12	12	12	12	12	12	12	12	13	13
Soccer fields	4	4	4	4	4	4	4	4	4	4
Playgrounds	10	10	10	10	10	10	11	11	11	11
Liquor Stores	2	2	2	2	2	2	2	2	2	2
Water:										
Miles of water mains	NA	NA	103.95	103.95	104.42	104.42	106.06	106.84	107.44	107.52
Fire hydrants	701	701	703	703	703	704	704	743	755	756
Storage capacity (millions of gallons)	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Waste Management:										
Collection trucks	6	8	8	8	8	9	9	8	8	8
Sewage Disposal:										
Miles of sewer mains	92.46	92.58	92.58	92.66	92.66	92.66	92.72	93.02	93.61	93.61
Treatment capacity (millions of gallons)	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81

NA: Information not available

Source: Departments of the City

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