



**City Council Agenda**  
**June 3, 2024**  
**5:30 pm in the City Council Chambers**

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Invocation –Pastor Dave Foss, Bethel Church  
Pledge of Allegiance

Call to Order  
Roll Call  
Open Forum

- A. Approval of the Agenda
- B. Public Hearings
- C. Awarding of Bids
- D. Petitions, Communications
- E. Consent Agenda
  - 1. Motion approving the minutes from the open and closed May 20, 2024, City Council meetings and the May 29, 2024, Committee of the Whole meeting
  - 2. Motion approving licenses
  - 3. Resolution authorizing the submission of a West Central Initiative grant on behalf of the Fergus Falls Public Library
  - 4. Resolution extending the Memorandum of Understanding with the US Fish and Wildlife Service for the Prairie Wetlands Learning Center for an additional five-year term
  - 5. Resolution declaring Unit 2093 as surplus property and authorizing the proceeds be used towards a new vehicle in the police department fleet
  - 6. Resolution authorizing the submission of a 2024-2026 ARMER equipment grant to replace police department portable radios
- F. Ordinance and Resolutions
  - 1. Resolution accepting the 2023 audit
  - 2. Resolution approving the sale of city owned property located at 1022 N Cleveland Ave
  - 3. Resolution accepting a letter of intent to purchase the city owned property located at 1018 E Mt Faith Avenue and introducing the land sale
  - 4. First reading of Ordinance 58, Eighth Series, Cannabis Zoning
- G. Presentation of Claims \$1,260,902.07
- H. Old Business/Unfinished Business
- I. New Business

J. Miscellaneous Announcements

June 4	4:00 pm	Splashpad Grand Opening
June 12	7:00 am	Committee of the Whole meeting
June 17	5:30 pm	City Council meeting
June 19	Most city offices and facilities closed for observance of Juneteenth	

K. Adjournment

If you have special needs for accommodations, please call 332-5436 or TDD 1-800-627-3529 (Minnesota Relay Service).

City Council Minutes  
May 20, 2024

The Fergus Falls City Council held a regular meeting on May 20, 2024, at 5:30 pm in the City Council Chambers. Pastor Jim Johnson gave the invocation, and the Pledge of Allegiance was recited. Mayor Schierer called the meeting to order at 5:32 pm and the following council members were in attendance: Hicks, Fish, Job, Kvamme, Rufer, and Kremeier. Rachels was absent.

No one appeared for the open forum.

### **Approval of Agenda**

A motion and second were made by Hicks and Kremeier to approve tonight's agenda with the removal of three items from the consent agenda and the motion carried.

### **PI 6080 Final Cost Hearing**

Public Improvement 6080 is the 2023 sidewalk/driveway improvements, and the projects were 100% petitioned by the property owners. The assessed share is \$24,989.50 and the individual assessments will vary in length based on the amount at an interest rate of 5.80%. The final cost hearing opened at 5:34 pm and as no one appeared, the hearing was closed. Fish offered **Resolution #98-2024** adopting the assessments for PI 6080, which was seconded by Job and was adopted.

### **Public Works Week**

Mayor Schierer read a proclamation declaring May 19-25 as Public Works Week.

### **Consent Agenda**

The following items were approved under **Resolution #99-2024** by Rufer: Motion approving the minutes from the May 6, 2024, City Council and the May 15, 2024, Committee of the Whole meeting. Motion approving the following licenses: Fireworks Display Premier Pyro for SummerFest on June 7; Mechanical Ever LLC (dba Climate Makers); Sidewalk/Paving Steadfast Concrete & Remodeling; Cityside Improvements; Demo Hauler Paul Haarstad Excavators; Minnesota Lawful Gambling Permit Never Alone Incorporated for raffles Sept 11-14 at the I-94 Speedway, Ducks Unlimited Maidens of the Marshes for a raffle on November 23, at the Eagles Aerie; Mobile Food Vendor Permit Sorny B's Smokin Grill. **Resolution #100-2024** accepting the Preliminary Engineering Report for City Project 5961, the Junius Avenue reconstruction project; to set the preliminary improvement project hearing date for June 17, 2024, and initiate PI 7225, the Hampden Avenue sanitary sewer rehabilitation project; **Resolution #101-2024** accepting the Outdoor Lighting and Municipal Services Agreement between the City of Fergus Falls and Otter Tail Power Company for CP 5959. **Resolution #102-2024** initiating PI 6081, the 2024 sidewalk and driveway program and approving the 2024 sidewalk assessment rates. **Resolution #103-2024** accepting Interstate Engineering's professional services design proposal in the amount of \$23,780 for PI 5361, the Randolph Avenue stairway improvement project. The resolution was seconded by Fish and was adopted.

### **Sidewalk Sales Policy**

Hicks offered **Resolution #104-2024** approving the Sidewalk Sales Policy with an amendment that those offering food and beverage service on the public sidewalks must meet and abide with all food and beverage licensure requirements, which was seconded by Fish and was adopted.

### **Street Closures Policy**

A motion and second were made by Kvamme and Hicks to table the Street Closures Policy for more clarification on obtaining the written consent of the affected property owners and if residents in downtown apartments must also consent to the street closure and the motion carried.

### **Natural Resources Advisory Committee/Green Team**

The City of Fergus Falls has been working on the Green Step Cities project since 2015 and has obtained two of the five steps with the initiative in that time. The Natural Resources Advisory Commission has agreed to serve as the city's "Green Team" to advance the initiatives of the program. They will identify projects in the five focus areas, determine if they are feasible or cost effective and make recommendations to the city. A motion and second were made by Hicks and Kvamme to appoint the Natural Resources Advisory Committee to serve as the city's "Green Team" to advance the initiatives of the Minnesota Green Step Cities Program and the motion carried.

### **Vacancy in Third Ward**

Third ward council member Brent Thompson submitted the resignation of his council seat effective May 11, 2024, as he has moved outside the city limits. His term on the council expires at the end of 2024. City Administrator Andrew Bremseth read 2.04 of the City Charter "The Council shall by resolution declare such vacancy to exist and shall forthwith appoint an eligible person to fill the same until the next regular municipal election." Fish offered **Resolution #105-2024** declaring a vacancy in Ward Three which was seconded by Job. At the time of the last vacancy, the Charter Commission requested the council adopt a vacancy policy, which was done in August of 2017. The policy outlines the process to advertise the declared vacancy, hold a public work session to interview interested parties and for the council to make their decision for the person to fill the vacancy during a council meeting. The appointed person would be sworn into office that night and immediately start their term on the council. Bremseth provided a recommendation to set a work session for June 17 with the council adopting a resolution appointing the new council member that evening.

Kremeier felt the people of the third ward should vote on who represents them and he presented a petition signed by 5 residents of the third ward to amend the Charter and hold a special election to fill the vacancy rather than using the council's appointment policy. Mayor Schierer reviewed the path the city followed in past vacancy situations noting the Charter language is specific the vacancy should be filled as quickly as possible. He reminded the council this appointment would be until Thompson's term was set to expire at the end of the year and the new appointee would have to file for the council seat when filing opens this summer.

City Attorney Rolf Nycklemoe stated the Charter cannot be amended without the Charter Commission's involvement and the initiative processes this petition is suggesting is not within the scope of state statute. He too felt the Charter Commission's intent was for the council to adopt a vacancy policy and to follow it in future vacancy situations as it is not productive to hold an empty council seat. Kremeier disagreed and felt a special election should be held. Elections Administrator Lynne Olson stated the state has uniform election dates in which a special election can be held, the second Tuesday in February, April, May, or August or the first Tuesday after the first Monday in November. If the city wanted to have a special election in August in conjunction with the Primary Election, there is not sufficient time to meet all the qualifications to hold such an election. Rufer agreed the Charter's position and council policy should be upheld and the vacant council position should be filled as soon as possible so the ward is represented. Hicks suggested holding off on

deciding tonight to allow the City Attorney to do more research on the initiative process and asked if the council could wait until the November election results are in and appoint the winner at that time. Nycklemoe said an initiative petition is a power of the people, but it must be followed with the intent of the City Charter, and a vote would be city-wide, not only in one ward. The council was reminded the Campaign Finance Reports would have to be filed correctly and within the prescribed statute language before an Oath of Office can be given.

Fish felt the vacancy should be filled as soon as possible and advocated the council policy should be followed. Mayor Schierer agreed the residents need to be represented, that the Charter language is clear, and the council should follow their policy. Bremseth said the council had the same conversation in 2017. The vacancy policy was written, and the Charter was amended in 2018 so there would be no misconception for future vacancy situations. Hicks asked if the council would vote on the appointee by a “secret” ballot or resolution and Nycklemoe confirmed “secret balloting” is not appropriate and the appointments should be made by resolution. Job asked if residents of the third ward would be allowed to ask questions of those interested in filling the vacancy. Nycklemoe cautioned against allowing such questioning as this would be a council decision. Kvamme stated if people had questions they would like to see asked of the prospective candidates, they can contact the council members to propose questions. As elected officials they are expected to carry out their responsibilities including following their own policies. If the council wants to rescind past practices, it should be done at another time as he felt this conversation is an attempt to slow down the vacancy appointment and he called for the vote. The vote declaring a vacancy in the third ward was adopted. The council was asked to clarify if staff should follow the recommended timeline presented tonight. A motion and second were made by Kvamme and Rufer to follow the recommended timeline. Fish, Kvamme and Rufer voted in favor while Kremeier, Job and Hicks voted in opposition, resulting in a tie. Mayor Schierer voted in favor of following staff’s recommended timeline to fill the vacancy and the motion carried.

### **Resolution of Accounts**

Fish offered a resolution authorizing the payments and claims in the amount of \$1,453,146.14, which was seconded by Rufer and was adopted.

The council adjourned to a closed meeting at 6:17 pm as allowed by Minnesota Statute 13d.05, Subd 3(c) to consider a real estate transaction. The council reconvened at 6:27 pm. Hicks offered **Resolution #106-2024** accepting a letter of intent from Key Property Investments to purchase the vacant city lot located at 1022 N Cleveland Avenue for \$12,000 with the provision the property would not be eligible to apply for the city’s property housing rebate, which was seconded by Kremeier and was adopted. The property sale was declared to be introduced with a final sale being proposed on June 3, 2024.

The meeting adjourned at 6:29 pm

*Lynne Olson*

Committee of the Whole Meeting  
May 29, 2024

The Fergus Falls City Council met as a Committee of the Whole on May 29, 2024, at 7:00 am in the City Council Chambers. Mayor Schierer called the meeting to order, and the following council members were in attendance: Rachels, Hicks, Fish, Job, Kvamme and Kremeier. Rufer was absent.

**Prairie Wetlands Learning Center Memorandum of Understanding**

The City of Fergus Falls and the US Fish and Wildlife Service (USFWS) entered a partnership in 1996 for the Prairie Wetlands Learning Center (PWLC) as the city owns the building and land the PWLC sits on. The current Memorandum of Understanding (MOU) expires on June 30, 2024, and it was recommended to extend it to June 30, 2029. An amendment was proposed to change the language from the annual amount payable to the city of \$8,500 to cover insurance costs to read the USFWS will cover actual annual costs. Neil Powers, Project Leader for the Fergus Falls Wetland Management District addressed the staffing concerns and their efforts to fill two positions by the start of the school year. Since the pandemic, the center has been open one day a week with their priority focused on the Prairie Science classes. As staff are hired, their programming and guided services will expand. Until then, the trails remain open and available for the public to use as self-guided tours. A motion and second were made by Hicks and Rachels to recommend the council extending the Memorandum of Understanding between the City of Fergus Falls and the US Fish and Wildlife Service for the Prairie Wetlands Learning Center and the motion carried.

**Street Closures Policy**

Due to an influx of requests, staff developed a draft policy for businesses requesting a street closure that impacts other business owners. Without a policy, staff don't have the criteria to approve or deny the request and they are trying to balance support for community events while not inconveniencing traffic in major thoroughfares of the city. The council was consulted for their thoughts on notifying other affected businesses with street closures, if residents living in the downtown area must also be notified of a street closure and does the council want to consider the street closure requests. Mayor Schierer felt if a business is requesting such a closure, they should be required to notify any impacted businesses and property owners, but not necessarily those living downtown. Fish did not feel a policy was necessary. Job asked how much time is needed to make a request in advance and provide notification. Kvamme was concerned the notification process will be cumbersome and questioned how a street closure will be advertised to the rest of the community. Hicks did not feel it was necessary to fix something that is not broken and businesses requesting closures are doing a good job of notifying their neighbors. Staff will take the council's conversation into consideration and bring a new draft policy at a future meeting.

**West Central Initiative**

Rebecca Petersen, Camille Pearson Walz and Kurt Mortensen spoke on behalf of West Central Initiative on the grants and loan programs the organization provides to their service area. Their Start A Ripple campaign is seeking to raise \$1 million by June 30<sup>th</sup> to focus on the areas of early childhood, community development, climate resilience and rural leadership development.

**Fergus Falls Liquor Stores and Bigwood Event Center Update**

Brandon Currie manages the city's two municipal stores and the Bigwood Event Center. He complimented the Bigwood Event Coordinator Brooke Solheim for the great job she is doing and

noted they are open for business events, gatherings, and weddings. Their focus at the liquor stores is safety and responsibility with their products. Sales were up 2.42% last year and their gross margin was up 1% while operating expenses were down \$27,000 from the previous year. In 2023 the taxes levied would have been 9% higher without transfers from the liquor stores to the General Fund. In recent years \$400,000 was transferred from liquor store profits for the downtown riverfront project and \$200,000 for Dr. Allen Magnusson Park. Currie spoke about their aging point of sale system and shared various renderings to possibly update the exterior of the downtown store to increase the curb appeal. The city is financially preparing for these future expenses.

### **Police Squad As Surplus Property**

A motion and second were made by Fish and Rachels to recommend the council declare Unit 2093, a 2020 Ford Police Interceptor as surplus equipment and the proceeds be used to purchase a new vehicle and the motion carried.

### **Police Radio Grant**

The Police Department is seeking authorization to apply for the 2024-2026 ARMER Equipment Grant from the Minnesota Department of Public Safety to replace the 8 portable radios the department has yet to upgrade. If successfully awarded, the grant would cover \$39,469.40 of the total cost of \$43,855.20. The 5% local match of \$4,385.70 would come from the emergency management equipment budget. A motion and second were made by Hicks and Rachels to recommend the council authorize the submission of an equipment grant to replace police radios and the motion carried.

The meeting adjourned at 7:59 am

*Lynne Olson*

FOR COUNCIL MEETING JUNE 3, 2024

**APPROVALS ON ALL LICENSES ARE CONTINGENT UPON PAPERWORK BEING FILLED OUT CORRECTLY AND COMPLETELY, AND ALL INSURANCES AND BONDS BEING CURRENT.**

Fireworks Sale

Otter Tail Plaza, 3202 W Highway 210 for sales June 10-July 10

Mechanical

Johnson Sheet Metal





# Council Action Recommendation

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**Meeting Date:** June 3, 2024

**Subject:** Applying for a West Central Initiative grant.

**Recommendation:**

The recommendation is that the City of Fergus Falls would approve the Fergus Falls Public Library applying for a West Central Initiative grant in the amount of \$4,281.00. The grant project's title is, "Neighbors Together: Connecting Families with Community Resources & Each Other."

**Background/Key Points:**

The project will welcome new babies and their families to the community by providing information about resources and opportunities that are available in their communities. The program will offer a reusable book bag containing a board book, information about early literacy, a library card application form, and information about local programs and services available to families with infants and young children. Many of the local opportunities provided, such as infant and toddler storytime at the public library, are free, specifically for babies and their families, and open for all to attend.

**Budgetary Impact:**

If the grant is awarded, the Fergus Falls Public Library would receive \$4,281.00 to carry out the project.

The library would contribute approximately \$60.00

Additional funding will come from The Friends of the Library, and the Otter Tail County Early Childhood Initiative.

**Originating Department:**

Fergus Falls Public Library

**Respectfully Submitted:**

Gail Hedstrom / Library Director

**Attachments:** None



# Council Action Recommendation

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**Meeting Date:**

5/29/24 Committee of the Whole, 6/3/24 City Council

**Subject:**

Memorandum of Understanding (MOU) between the City of Fergus Falls and USFWS for the Prairie Wetlands Learning Center

**Recommendation:**

Resolution extending the MOU for an additional five-year period

**Background/Key Points:**

The Prairie Wetlands Learning Center (PWLC) was established in Fergus Falls in 1996, by action of the Federal Government. Subsequent actions by the State and City government also made this project a reality.

The City of Fergus Falls and the USFWS entered into an agreement in 1996, which was later amended in 2008. That agreement expired at the end of 2018 and was extended by the City Council until the end of 2019, to allow a new agreement to be formed. The "new agreement" was approved in 2019 for a term of five years and is set to expire in June. It is now time to extend the MOU and both parties are proposing another five-year extension. If approved, the term of the MOU would run from July 1, 2024 to June 30, 2029.

The City owns the building and the land upon which the PWLC is located, which was necessary due to previous State Bonding. As a result, PWLC reimburses the City the annual amount necessary to cover the insurance and any other expenses related to these buildings. The current MOU states the annual amount payable to the city is \$8,500. In this extension, we are proposing to replace that dollar amount with language that says the USFWS will cover the actual annual costs, protecting the City if insurance premiums continue to increase. The City's obligations under this agreement remain unchanged.

Neil Powers, Project Leader of the Fergus Falls Wetland Management District, will be in attendance to answer any Council questions and to provide more information on the history and operation of the PWLC and the great programming offered to area students and residents.

**Budgetary Impact:** N/A

**Originating Department:**

Administration

**Respectfully Submitted:**

Andrew Bremseth, City Administrator

**Attachments:** Existing MOU

# MEMORANDUM OF UNDERSTANDING

Between

THE CITY OF FERGUS FALLS

And

DEPARTMENT OF THE INTERIOR  
U. S. FISH AND WILDLIFE SERVICE

## I. Authority:

This Memorandum of Understanding (MOU) is entered into between the Department of the Interior (hereinafter referred to as the Department), U. S. Fish and Wildlife Service (hereinafter referred to as the Service) and the City of Fergus Falls, Minnesota (hereinafter referred to as City) under the authority of:

Executive Order 12996, issued March 28, 1996, authorized management actions and general public use of the National Wildlife Refuge System including, the recognition of compatible wildlife-dependent recreational activities involving hunting, fishing, wildlife observation and photography, and environmental education and interpretation as priority general public uses of the Refuge System through which the American public can develop an appreciation for fish and wildlife; provide expanded opportunities for these priority public uses within the Refuge System when they are compatible and consistent with sound principles of fish and wildlife management, and are otherwise in the public interest; ensure that such priority public uses receive enhanced attention in planning and management within the Refuge System.

Refuge Recreation Act (16 U.S.C. 460k-460k-4) -- Public Law 87-714, approved September 28, 1962, (76 Stat. 653) as amended by Public Law 89-669, approved October 14, 1966, (80 Stat. 930) and Public Law 92-534, approved October 23, 1972, (86 Stat. 1063) authorized the Secretary of the Interior to administer refuges, hatcheries and other conservation areas for recreational use, when such uses do not interfere with the area's primary purposes. The Act provided for public use fees and permits, and penalties for violation of regulations. It also authorized the acceptance of donations of funds and real and personal property to assist in carrying out its purposes. Public Law 93-205, approved December 28, 1973 (87 Stat. 902), authorized acquisition of lands and interests suitable for: 1) fish and wildlife-oriented recreation, 2) protection of natural resources, 3) conservation of endangered or threatened species, or 4) carrying out two or more of the above. Such lands were required to be adjacent to or within an existing conservation area. Acquisition was not permitted with "duck stamp" receipts for these purposes.

Fish and Wildlife Act of 1956 (16 U.S.C. 742a-742j, not including 742 d-1; 70 Stat. 1119), as amended -- The Act of August 8, 1956, as frequently amended, establishes direction to administer the Act with regard to the inherent right of every citizen and

resident to fish for pleasure, enjoyment, and betterment and to maintain and increase public opportunities for recreational use of fish and wildlife resources.

Public Law 105-242 (112 Stat. 1575), approved October 5, 1998, amended the Fish and Wildlife Act of 1956 requires the Secretary of the Interior to develop refuge education programs to provide outdoor classroom opportunities for students to promote understanding of the National Wildlife Refuge System and to improve scientific literacy in conjunction with both formal and informal education programs.

1994 Minnesota Statutes, Ch. 471 and Ch. 643, Sec. 23, Subd.28

2006 Minnesota Statutes, Ch. 258, Sec. 7, Subd 27

2018 Minnesota Statutes, Ch. 84.0875

City of Fergus Falls Ordinances

## **II. Background:**

This MOU is intended to replace and update an existing agreement established with the City of Fergus Falls in 1996 and amended in 2008. The framework and desired outcomes of this MOU are very similar to the prior documents which seek to continue a joint agreement for operating and maintaining the Prairie Wetlands Learning Center.

### Relevant Agreement History:

1. In 1989, the United States House of Representatives directed the United States Fish and Wildlife Service to explore an environmental education and interpretive facility for Fergus Falls, MN, and to investigate the feasibility of contributions from the local community.
2. In 1989, the City of Fergus Falls passed a resolution in support of the establishment of the Prairie Wetlands Learning Center (facility).
3. In 1993, the Service began environmental education programs at the future site of the Prairie Wetlands Learning Center
4. In 1994, the Minnesota Legislature allowed the state to acquire and better, or make grants to acquire and better, residential environmental learning centers and appropriated \$3,000,000 to the Commissioner of the Department of Natural Resources for the planning, design and construction of facilities at the Prairie Wetlands Learning Center.
5. As authorized by 1996 Minnesota Statute Ch. 84.0875, the Commissioner of the Department Natural Resources entered into agreement with the City of Fergus Falls to administer the planning, design and construction of residential environmental learning facilities on Service owned land subsequently transferred in title to the City. This agreement also authorized use of the facility by the Service.
6. In 1996, the Serviced entered into partnership with the City of Fergus Falls via a Memorandum of Agreement for a period of 20 years. During that timeframe modifications to the original agreement have been added to address changes,

updates and additions. The Service agreed to operate, manage and maintain the environmental learning facilities known as the Prairie Wetlands Learning Center, as an administrative unit of the United States Fish and Wildlife Service, Fergus Falls Wetland Management District.

7. In 2006, the Minnesota State Legislature authorized an additional \$2,000,000 to the Commissioner of the Department of Natural Resources through General Obligation Bonding Legislation (2006 Minnesota Statutes, Ch. 258, Section 7. Subd. 27), for an expansion to the facility identified as the Education Wing.

### **III. Purpose**

The purpose of the MOU is to enter into a joint partnership for the purposes of operating and maintaining the residential environmental learning center facilities at the Prairie Wetlands Learning Center. A primary goal of this agreement is for the Service and City to cooperatively provide environmental education that enhances appreciation and understanding of our Nation's natural resources including, fish and wildlife conservation. Furthermore, this agreement will support the Service in meeting its mission by making environmental education available to students of all ages and the public, while also emphasizing outdoor recreation opportunities.

### **IV. Scope of Effort:**

For a period as hereinafter set forth, the Service and City shall cooperate as necessary for the performance of work as set forth below:

#### **A. General:**

- i. The Prairie Wetlands Learning Center shall be operated and maintained as an administrative unit of the U.S. Fish and Wildlife Service and managed as part of the National Wildlife Refuge System.
- ii. The City owns in fee-title lands upon which the Prairie Wetlands Learning Center is located.
- iii. The Service and City agree that any public or private donations to the Prairie Wetlands Learning Center shall be retained by the Service and used to support ongoing environmental education programming.
- iv. Both parties agree that administrative fees and insurance premiums associated with this agreement (\$8,500 annually due December 31) shall be reimbursed by Lakes Country Service Cooperative (LCSC) via subsequent agreements between the Service and Independent School District 544.

**B. The Service shall:**

- i. Upon request, the Service shall provide financial statements associated with the operations of the Prairie Wetlands Learning Center. An annual report detailing visitation and programming will be provided.

**C. The City shall:**

- i. The City agrees to permit the Service to utilize the facility for purposes specified in Section III and to carry out public programming in support of its mission.
- ii. The City shall have the right to insure the improvements on the premises subject to this agreement in an amount sufficient to cover the buildings, including additions or improvements made by either party. Insurance policies shall name both the City and the Service as insured based on proportion of their interest in the building or its contents.
- iii. The City shall comply with Minnesota State General Obligation (G.O.) Bonding Compliance Legislation and applicable Commissioner's Orders including, provisions contained in such statute and order and the preservation of tax exempt status relative to "state bond financed property."
- iv. The City shall take necessary steps to exempt the City's interest and if applicable, the PWLC facility from G.O. Bonding Compliance Legislation and/or the Commissioner's Order, in the event that the G.O. Bonding Compliance Legislation or the Commissioner's Order is amended in a manner which reduces any requirement imposed on the City or the City's interest in the PWLC facility.

**V. Period of Performance**

The period of performance of the Memorandum of Understanding is from the last date of signature by all parties, through a scheduled completion date of June 30th, 2024, at which time it will be subject to review, renewal or expiration.

**VI. Project Officers**

- A. City of Fergus Falls  
Andrew Bremseth  
City Administrator  
City Hall  
112 W. Washington Ave.  
Fergus Falls, MN 56537  
[andrew.bremseth@ci.fergus-falls.mn.us](mailto:andrew.bremseth@ci.fergus-falls.mn.us)  
218/332-5403

B. U.S. Fish and Wildlife Service  
Neil Powers  
Project Leader  
Fergus Falls Wetland Management District  
18965 County Highway 82  
Fergus Falls, MN 56537  
[neil\\_powers@fws.gov](mailto:neil_powers@fws.gov)  
218/736-0627

#### **VII. Modification of Agreement:**

This MOU constitutes the full, complete, and entire agreement between the parties hereto. No modification or amendment of this MOU shall be binding on either party unless such modification or amendment shall be in writing executed in duplicate by both parties hereto, attached to this MOU, and incorporated in and by reference made a part of this MOU.

The Project Officers specified herein shall be responsible for their Agency's compliance with the terms of this agreement. As representative of their Agency, they have the authority to approve changes within the scope of this agreement, which will not alter the stated objectives and will not obligate any funds.

#### **VIII. Termination of Agreement:**

Any party to this MOU may withdraw with a 60-day written notice. Such withdrawal shall be effective 60-days from the date such written notice is provided to the other party or parties to the agreement. However, the City agrees to not terminate this agreement for default of responsibility to this agreement by the Service, that is due to shutdown of the federal government and/or Service.

#### **IX. Terms and Conditions:**

1. All matters relating to this agreement shall be controlled by and determined in accordance with the laws of the United States and the State of Minnesota.
2. This MOU in no way restricts the Parties from working together or participating in similar activities with other public or private agencies, organizations and individuals.
3. Any public notices issued by any of the parties with respect to this MOU or any related activities shall be subject to review and approval, in advance, by all parties to this agreement.
4. During the performance of this MOU the participants agree to abide by the terms of Executive Order 11246 and the laws of the State of Minnesota pertaining to nondiscrimination and will not discriminate against any person because of race, age, color, religion, gender, national origin or disability.

5. No member of, or delegate to Congress, or resident Commissioner, shall be admitted to any share or part of this agreement, or to any benefit that may arise from, but these provisions shall not be construed to extend to this agreement if made with a corporation for its general benefits.
6. All parties will ensure that its employees have the proper training and certification required to conduct activities under this MOU.
7. This MOU is neither a fiscal nor a funds obligation document. Nothing in this agreement may be construed to obligate the Service to any current or future expenditure of resources in advance of the availability of appropriations from Congress. Any endeavor involving reimbursement or contribution of funds between the Parties to this MOU will be handled in accordance to applicable regulations, and procedures including those for federal government procurement and printing. Such endeavor will be outlined in separate agreements that shall be made in writing by representatives of the Parties and shall be independently authorized in accordance with appropriate statutory authority. This MOU does not provide such authority.
8. It is agreed by the parties hereto that, in the performance of this MOU, employees or agents of each respective party are not to be considered employees of the other party or parties.
9. The parties agree that it is their intent the City not incur any financial burden or costs relating to the operation, maintenance or management of the PWLC facility, and that the Service is fully responsible for those costs.
10. The parties acknowledge and agree that construction of the PWLC facility was funded through Minnesota General Obligation Bonding Legislation (1994 Minnesota Statute 16A.695) and subject to the State Finance Commissioner's Order dated July 14, 1994, pertaining to the "Use and Sale of State Bond Financed Property" including provisions contained in current statute, apply to the ongoing use and administration of the Prairie Wetlands Learning Center and this agreement. The parties further acknowledge and agree that expansion of the PWLC facility was funded through Minnesota General Obligation Bonding Legislation (2006 Minnesota Statutes, Ch. 258, Section 7. Subd. 27).
11. The parties agree that during the term of this or future agreements, the City may not sell the demised premise and their improvements unless the City determines by official action, that it is no longer usable or needed as the Prairie Wetlands Learning Center. The sale must conform to current law and be for fair market value, with written consent of the State Finance Commissioner and the agreement of the Service. Further, the City grants unto the Service an option to purchase the premises and the improvements which are subject to this agreement at any time during the existence of this agreement or future agreements, for a consideration equal to Fair Market



Value.

12. Nothing in this agreement may be interpreted to imply that the United States, the Department of the Interior, or the U.S. Fish and Wildlife Service endorses any product, service or policy of the City. The City will not take any action or make any statement that suggests or implies such an endorsement.
13. The agencies may not assign any of their rights or obligations under this agreement without the prior written consent of the other parties.
14. The participation of each party to this agreement in activities conducted pursuant to this MOU is not intended to place either party or its representatives in a position of incurring tort liability arising from an action of the other party. Each party is responsible for any injury or property damage to third parties caused by negligence of its own employees acting within the scope of their employment/official duty subject to such limitation as may be prescribed by applicable laws. Specifically, tort liability arising from negligent or wrongful acts or omissions of Service employees acting within the scope of employment shall be adjudicated pursuant to the Federal Tort Claims Act, 28 U.S.C. Section 2671 *et seq.*, the Federal Employees Compensation Act, U.S.C. Section 8101 *et seq.*, or such other Federal legal authority as may be pertinent. Likewise, tort liability arising from negligent or wrongful acts or omissions of City employees while acting within the scope of official duty shall be governed by the provisions of the laws of the state of Minnesota.
15. The Parties agree to implement the provisions of this MOU to the extent personnel are available and budgets allow. In addition, nothing in the MOU is intended to supersede any laws, regulations or directives by which the Parties must legally abide.
16. The parties agree that the garage constructed by the USFWS in 2003, east of the "Day Building" at the Prairie Wetlands Learning Center, shall remain the property of the USFWS in the event this or future agreements are terminated or cease to exist. The garage is located on City of Fergus Falls property. The location and construction was approved by the City of Fergus Falls.
17. Use of the Department of Interior's seal or U.S. Fish and Wildlife Service's logo(s), must be approved by the Director, Interior Business Center for the seal (see Departmental Manual 310 DM 4.1), and the Regional Office Division of External Affairs for the Service logo (see 041 FW 2 available at <http://www.fws.gov/policy/041fw2.html> for approval procedures).
18. Intellectual property (such as written works, software, inventions) that are jointly created and/or used as a result of the MOU, shall remain the joint property of the parties to own or use throughout the term of the MOU.
19. The Freedom of Information Act requires that the Service release any

documents requested by an outside party, unless they are covered by one of the FOIA exemptions. Protection of City information shall be incorporated to the extent permitted by federal laws and regulations.

20. Resolution of disputes shall be addressed through negotiated agreement between the Project Officers identified in the MOU.

IN WITNESS WHEREOF, the parties have caused this MOU to be executed by an authorized official on the date and year set forth below their signature.

U.S. DEPARTMENT OF THE INTERIOR  
U. S. FISH AND WILDLIFE SERVICE

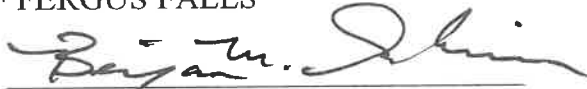
BY:   
Signature

NAME: Neil Powers

TITLE: Project Leader

DATE: 6/13/19

THE CITY OF FERGUS FALLS


BY:   
Signature

NAME: Benjamin Schierer

TITLE: Mayor

DATE: June 7, 2019

THE CITY OF FERGUS FALLS

BY:   
Signature

NAME: Andrew Bremseth

TITLE: City Administrator

DATE: 6-6-19





# Council Action Recommendation

---

Page 1 of 1

**Meeting Date:** May 29, 2024

**Subject:** Declaration of Surplus Property

**Recommendation:** Declare the following items as surplus so they can be sold or traded towards the purchase of a new vehicle:

Unit 2093      2020 Ford Police Interceptor      1FM5K8AB7LGC13212

**Background/Key Points:** Vehicles and equipment have surpassed the normal use expectancy.

**Budgetary Impact:** The proceeds from the sale of the surplus property will be to purchase a new replacement vehicle currently not in the budget.

**Originating Department:** Public Safety

**Respectfully Submitted:** Kile Bergren, Chief of Public Safety



# Council Action Recommendation

---

Page 1 of 1

**Meeting Date:** May 28, 2024, City Council Meeting

**Subject:** ARMER Radio Grant

**Recommendation:** Resolution authorizing the submission of a 2024-2026 ARMER equipment grant application to replace police radios

**Background/Key Points:**

Staff are seeking authorization to apply for the 2024-2026 ARMER Equipment Grant to replace radios for the Police Department that have failed to meet the requirements of the ARMER system.

The total replacement cost is \$43,855.20. The grant would cover \$39,469.40 of the cost. The Minnesota Department of Public Safety Emergency Communication Network requires a local match of a minimum of 5%.

The matching funds will come from account 101 42190 404

**Budgetary Impact:** The 5% local match (\$4,385.70)

**Respectfully Submitted:** Kile Bergren, Chief of Public Safety

**Attachments:**



**FERGUS FALLS**  
MINNESOTA

# ANNUAL COMPREHENSIVE

FINANCIAL REPORT

FOR FISCAL YEAR ENDED  
DECEMBER 31, 2023





# **CITY OF FERGUS FALLS, MINNESOTA**

## **Annual Comprehensive Financial Report For the Fiscal Year Ended December 31, 2023**

**Prepared by:**

**Department of Finance**

**Finance Director:**

**Bill Sonmor**

**Assistant Finance Director:**

**Sandy Cunningham**

**CITY OF FERGUS FALLS**  
**Annual Comprehensive Financial Report**  
**For the Fiscal Year Ended December 31, 2023**  
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# **Introductory Section**



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Fergus Falls, MN 56537  
Phone: 218-332-5400  
Fax: 218-332-5449

e-mail: [city.hall@FergusFallsMN.gov](mailto:city.hall@FergusFallsMN.gov)  
[www.FergusFallsMN.gov](http://www.FergusFallsMN.gov)

May 23, 2024

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, 2023, 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, 2023, 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, 2023, 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 28 parks within its boundaries. The City is approximately 15.74 square miles and has a population of 14,085.

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 June 15 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 members 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, G.O. Equipment Certificates 2020A, G.O. Port Authority 2020A, G.O. Port Authority 2020B, G.O. Port Authority 2021A, G.O. Tax Increment 2022A 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 140.

### **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 2024 Minnesota Budget and Economic Forecast, Minnesota's budget and economic outlook is stable with a general fund balance of \$3.715 billion now projected for the next biennium. Higher collections this fiscal year raise the current forecast for all major tax types. Corporate tax revenue shows the largest change, driven by higher expected corporate profits. This results in improvement to the structural budgetary balance; however, spending is still expected to exceed revenue through the forecast horizon.

**Local economy.** The City of Fergus Falls continues to experience economic growth during 2023 and into 2024. The housing market is strong for both existing homes and new construction. Housing sale prices continue to be high and property values continue to increase. The majority of area businesses impacted by the pandemic 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 9,536 jobs and an annual average 2023

unemployment rate of 2.50 percent as compared to 2.6 percent for the State of Minnesota and 3.50 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 \$6,580,769 as of December 31, 2023. This amount represents 44.41 percent of the 2024 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 and is making improvements to the downtown riverfront corridor. Phase 1 of this project was completed in 2022 and construction began on Phase 2 in 2023. Phase 2 includes a splash pad, restroom structure, and parking lot and pedestrian improvements. The City was awarded \$1.75 million by the State of Minnesota during the 2020 Legislative Session for Phase 1 and various donors have also given and pledged significant funds to the project.
- The City was awarded \$4.00 million by the State of Minnesota during the 2023 Legislative Session for land acquisition and the construction of a trail system, rail crossings and related amenities along the riverfront corridor.
- In addition, the City has been working with a developer on the acquisition and subsequent redevelopment of property located along the river which would include demolition of the existing substandard buildings in 2024 and construction of a new three story, 60-unit residential rental market rate apartment complex in 2025 and 2026 utilizing tax increment financing.
- At the 2022 general election, the City voters approved a .50 percent local option sales tax. The sales tax was implemented on October 1, 2023 and will provide funding for the construction of an aquatic center and improvements to DeLagoon Park, which will begin in 2024.
- The City Council continues to prioritize infrastructure and implemented a 10.00 percent increase to the street overlay and seal coat budgets for 2024.
- Various reconstruction projects to streets and infrastructure were completed or in progress during 2023. Scheduled equipment within the City's fleet is replaced on an annual basis. During 2024, the City will also be constructing street improvements to Stanton Avenue and Summit Avenue, Linden Street and Laurel Street as well as various other street and utility reconstruction projects.



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. A project stabilizing the building envelope was completed in 2023. The City is open to potential developers for reuse of the remaining campus.

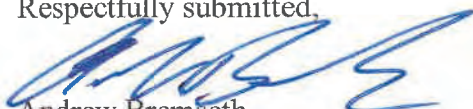
### **Awards and Acknowledgements**


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, 2022. This was the 32nd 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**

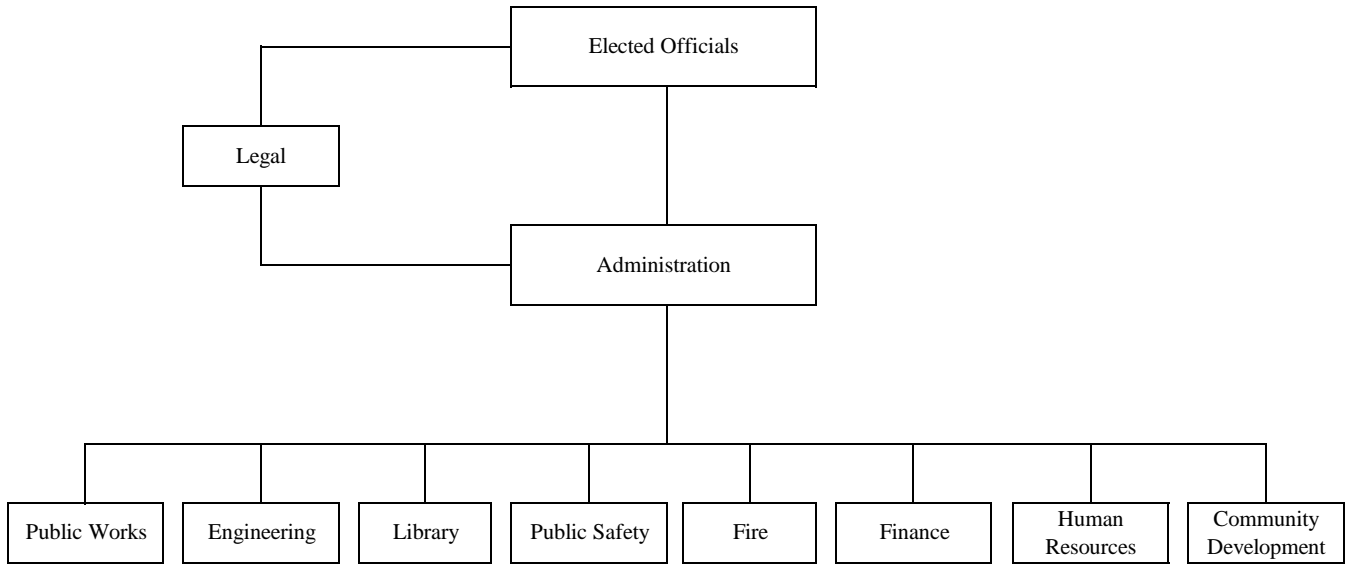
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2022

*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	Laura Job
Council Member – Ward 2	Scott Kvamme
Council Member – Ward 2	Tom Rufer
Council Member – Ward 3	Al Kremeier
Council Member – Ward 3	Brent Thompson
Council Member – Ward 4	Anthony Hicks
Council Member – Ward 4	Scott Rachels

Appointed Officials

City Administrator	Andrew Bremseth
Assistant to Administrator	Lynne Olson
Finance Director	Bill 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
Communications Manager	Jean Bowman
Community Development Manager	Klara Beck
City Attorney	Rolf Nycklemoe

# Financial Section



## 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, 2023, 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, 2023, 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' management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Responsibilities of Management for the Financial Statements (Continued)

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- ◆ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 accompanying supplementary information identified in the Table of Contents is 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### Other Information

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

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



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2024, on our consideration of the City 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.

Bugankov, Ltd.

St. Cloud, Minnesota  
May 23, 2024

## 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, 2023. 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 \$148.5 million. Of this amount, \$36 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$3.8 million.
- As of the close of the current fiscal year, the City of Fergus Falls' governmental funds reported combined ending fund balances of \$21.6 million. Approximately 67 percent of this total amount, or \$14.5 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 46 percent of total General fund expenditures.
- The City of Fergus Falls' total debt decreased by \$235,060 from 2022 to 2023. The Fergus Falls Port Authority issued bonds during 2023 for Phase 2 of the Downtown Riverfront Project 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-eight 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-four 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 - 107 of this report.

**Other information.** Required supplementary information regarding the postemployment healthcare plan and pensions can be found on pages 110 – 125 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 128 - 168 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 \$148,492,501 at the close of the most recent fiscal year.

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$37,743,278	\$39,065,432	\$31,931,649	\$29,539,557	\$69,674,927	\$68,604,989
Capital assets	79,228,163	76,717,954	36,142,527	36,706,495	115,370,690	113,424,449
Total assets	116,971,441	115,783,386	68,074,176	66,246,052	185,045,617	182,029,438
Deferred outflows of resources	6,267,443	7,116,006	485,739	762,634	6,753,182	7,878,640
Long-term liabilities outstanding	22,118,600	28,001,348	7,236,222	8,472,869	29,354,822	36,474,217
Other liabilities	3,282,478	2,962,354	535,610	641,804	3,818,088	3,604,158
Total liabilities	25,401,078	30,963,702	7,771,832	9,114,673	33,172,910	40,078,375
Deferred inflows of resources	9,507,237	5,027,282	626,151	117,342	10,133,388	5,144,624
Net position:						
Net investment in						
capital assets	68,279,542	63,859,502	31,912,545	32,024,118	100,002,891	95,555,580
Restricted	10,439,068	9,790,722	2,097,543	2,065,894	12,536,611	11,856,616
Unrestricted	9,611,959	13,258,184	26,151,844	23,686,659	35,952,999	37,272,883
Total net position	\$88,330,569	\$86,908,408	\$60,161,932	\$57,776,671	\$148,492,501	\$144,685,079

By far the largest portion of the City of Fergus Falls' net position (67.34 percent) reflects its investment in capital assets (e.g., land, intangible assets, buildings and systems, improvements other than buildings, machinery and equipment, infrastructure, and leased equipment; 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 (8.44 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$36 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 \$3.8 million during the current fiscal year. This increase resulted from the receipt of unexpended operating grants and capital grants for street and utility infrastructure, airport improvements, park improvements and the downtown riverfront corridor. The City's investment portfolio experienced investment earnings positively impacting the change in net position. The business-type activities also experienced profitability due to liquor store sales and adjustments to the City's utility rates, which contributed to the increase in net position.

**City of Fergus Falls' Changes in Net Position**

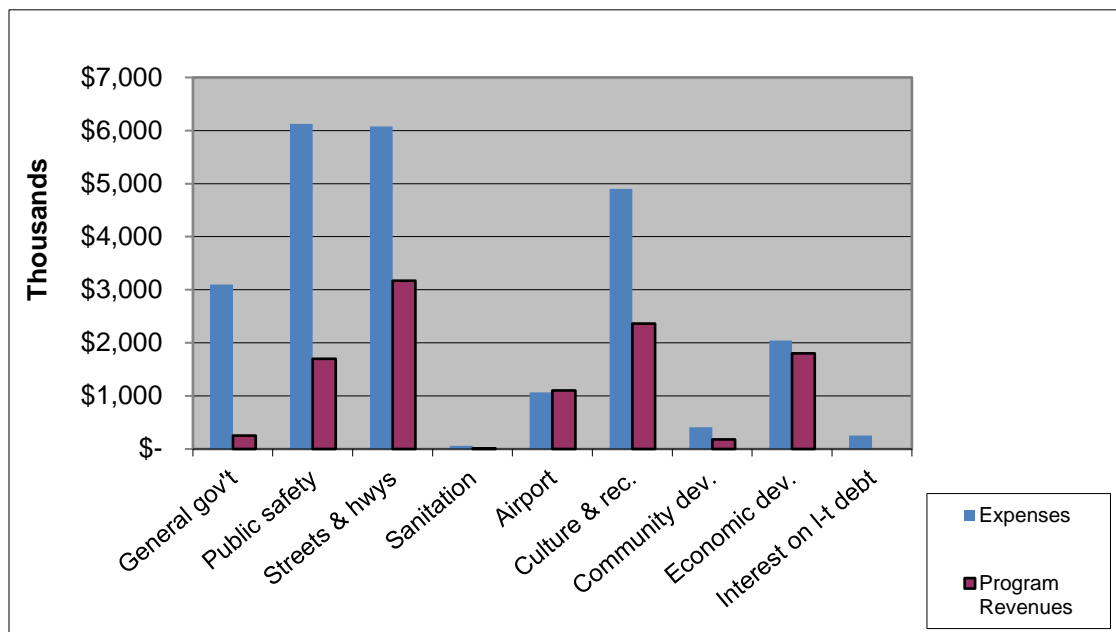
	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$2,371,600	\$2,313,889	\$17,331,302	\$16,857,269	\$19,702,902	\$19,171,158
Operating grants and contributions	1,909,912	1,279,203			1,909,912	1,279,203
Capital grants and contributions	6,297,477	4,287,334			6,297,477	4,287,334
<b>General revenues:</b>						
Property taxes	7,650,231	7,154,288			7,650,231	7,154,288
Local option sales tax	440,906	1,265,431			440,906	1,265,431
Lodging taxes	169,797	169,686			169,797	169,686
Tax increments	130,057	242,576			130,057	242,576
Intergovernmental	3,838,824	3,809,974			3,838,824	3,809,974
Unrestricted investment earnings	769,334	(884,915)	1,287,355	(1,592,041)	2,056,689	(2,476,956)
Gain on sale of capital assets	6,892	32,810		473	6,892	33,283
Total revenues	\$23,585,030	\$19,670,276	\$18,618,657	\$15,265,701	\$42,203,687	\$34,935,977
<b>Expenses:</b>						
General government	\$3,097,269	\$2,835,798			\$3,097,269	\$2,835,798
Public safety	6,123,119	5,384,525			6,123,119	5,384,525
Streets and highways	6,078,022	4,386,605			6,078,022	4,386,605
Sanitation	56,593	49,016			56,593	49,016
Airport	1,065,842	500,269			1,065,842	500,269
Culture and recreation	4,902,747	4,549,495			4,902,747	4,549,495
Community development	407,504	389,485			407,504	389,485
Economic development	2,045,315	996,509			2,045,315	996,509
Interest on long-term debt	255,134	247,061			255,134	247,061
Waste Management			3,201,557	3,243,053	3,201,557	3,243,053
Liquor Store			6,310,468	6,295,130	6,310,468	6,295,130
Sewage Disposal			2,121,910	1,972,975	2,121,910	1,972,975
Water Department			2,203,390	1,988,943	2,203,390	1,988,943
Storm Water			527,395	519,251	527,395	519,251
Total expenses	\$24,031,545	\$19,338,763	\$14,364,720	\$14,019,352	\$38,396,265	\$33,358,115
Increase (decrease) in net position before transfers	(\$446,515)	\$331,513	\$4,253,937	\$1,246,349	\$3,807,422	\$1,577,862
Transfers	1,868,676	520,301	(1,868,676)	(520,301)		
Increase (decrease) in net position	\$1,422,161	\$851,814	\$2,385,261	\$726,048	\$3,807,422	\$1,577,862
Net position - 01-01-23	86,908,408	86,113,745	57,776,671	57,050,623	144,685,079	143,164,368
Change in accounting principle/ prior period adjustment		(57,151)				(57,151)
Net position - 12-31-23	\$88,330,569	\$86,908,408	\$60,161,932	\$57,776,671	\$148,492,501	\$144,685,079

**Governmental activities.** Governmental activities increased the City of Fergus Falls' net position by \$1,422,161. Explanations regarding the increase and significant changes in governmental activities were as follows:

- The operating grants increased about \$631,000 or 49.00 percent from 2022. The City received new intergovernmental revenues from the State of Minnesota consisting of \$614,482 of Public Safety Aid and \$100,275 of Local Housing Aid.
- The capital grants increased \$2,000,000 from 2022 to 2023. The City received \$816,000 of Federal funding and additional State funding for the Lincoln Avenue and Union Avenue resurfacing project. The City also received increased Federal and State funding for airport improvement projects. The City levied special assessments for the street and utility reconstruction projects located on Summit Avenue, Linden Street, Laurel Street, and Stanton Avenue.
- The adopted property tax levy increased from \$7,058,500 in 2022 to \$7,631,550 million in 2023 or 8.12 percent.
- The City implemented a local option sales tax on October 1, 2023, after the previous tax was ended on September 30, 2022. The new local sales tax will be used to fund the aquatic center and improvements to DeLagoon Park area.
- The tax increments received by the City decreased as a result of the decertification of tax increment districts after the revenue notes were paid.
- The intergovernmental revenues remained stable from 2022 to 2023. The City is dependent on the \$3,837,648 of Local Government Aid (LGA) received from the State of Minnesota.
- The City experienced positive investment earnings in 2023 following the impact of increasing interest rates during 2022. The City's investment portfolio earned a return of 5.18 percent for 2023 compared to a negative return of (8.85 percent) for 2022. The governmental-type activities earned \$769,334 during 2023.
- The general government expenses increased due to the following:
  - Personnel costs increased according to existing labor contracts.
  - The City hired a Communications Manager in the fourth quarter of 2022. 2023 was the first full year included within the expenditures.
  - The City experienced staffing transitions with the retirement of two employees.
  - The main information technology system was migrated to the Power 10 upgrade.
- The public safety expenses increased due to the following:
  - Public safety wages and benefits increased \$212,000 according to existing labor contracts.
  - The City recorded pension expense for the City's proportionate share of the Public Retirement Association of Minnesota, which was \$231,089 higher than the amount recognized in 2022. The change in the fire relief pension expense had a \$245,513 impact on 2023 expenses.
- The streets and highways expenses increased about \$1,700,000 or 39 percent from 2022 to 2023. During 2023, the City resurfaced a portion of Lincoln Avenue and Union Avenue with funding received from federal and state programs.

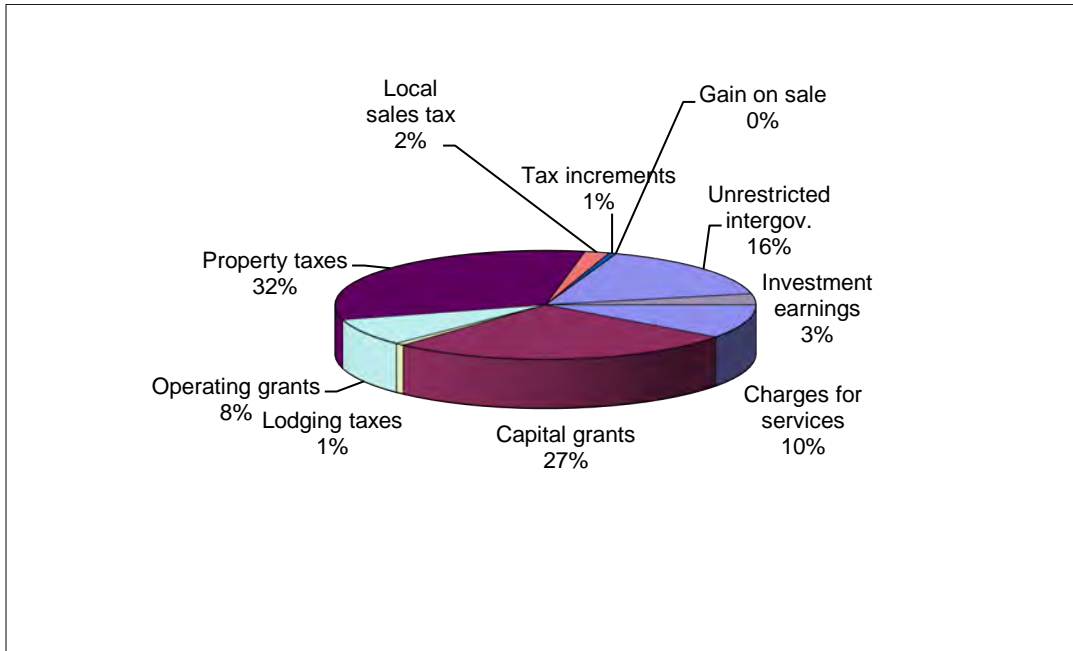
- The airport expenditures were up \$565,573 in 2023 as compared to 2022. The City had various projects in progress at the airport such as replacement of the fuel system, pavement maintenance, and relocation of the AWOS system. The City also initiated the master plan for the airport.
- Culture and recreation expenditures were \$353,000 or 7.76 percent higher in 2023 compared to 2022. The City had previously purchased the chiller system from the school to serve the Community Ice Arena. The operating and repair expenses of the Community Arena increased about \$91,000 or 16 percent, most of which related to increased electricity to operate the chiller. Depreciation expense increased \$163,000 with the 2022 addition of the Downtown Riverfront Phase 1 project, Magnuson Park Improvements, and the arena chiller.
- Community development expenditures increased with the receipt of a Rural Development grant used toward the redevelopment of the old Red River Mill. The City’s housing rebate tax abatement program paid the first payments to homeowners in 2022. The 2023 payments increased \$16,590 for a total of \$42,535.
- Economic development expenditures increased \$1,049,000 during 2023 resulting from the preservation project performed on the old Regional Treatment Center. The 2023 costs were \$1,336,000 and were funded through a grant from the State of Minnesota.
- The City transferred funds from the business-type activities to the governmental activities to provide funding for various operating and capital expenditures.

#### Expenses and Program Revenues – Governmental activities

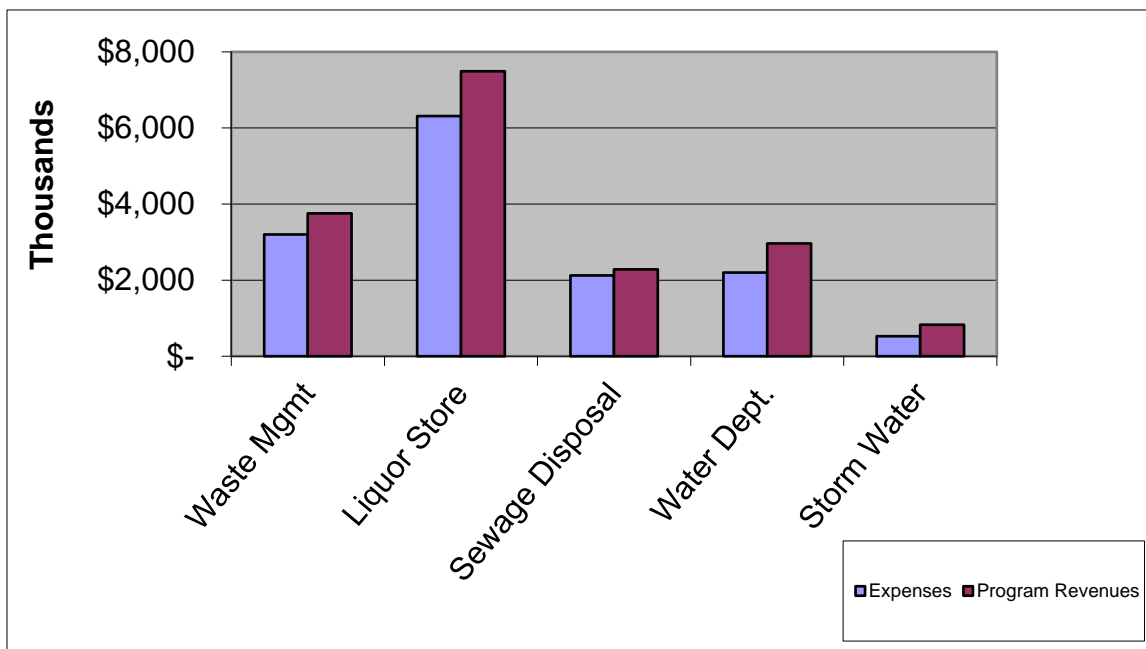




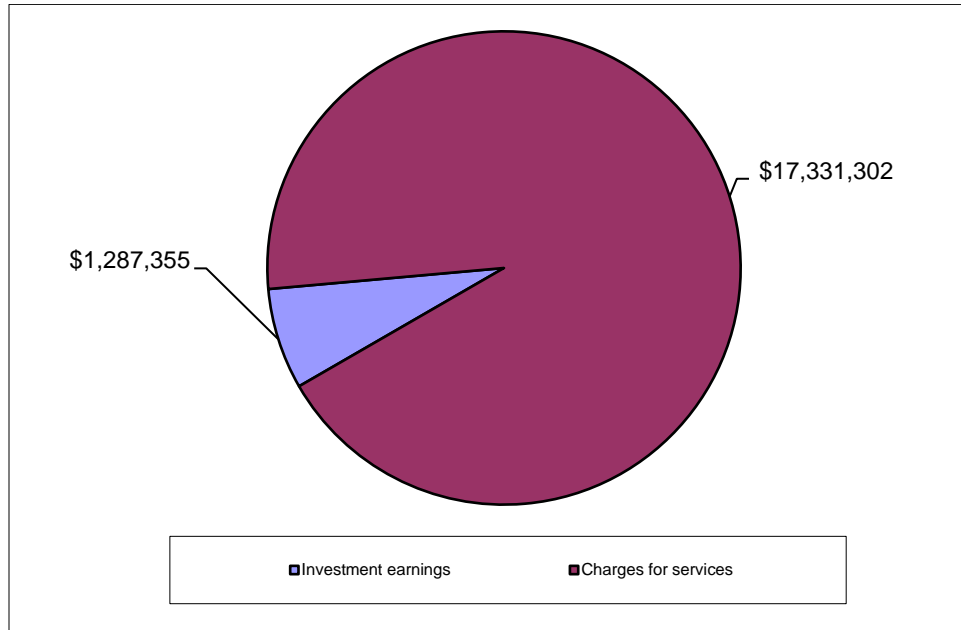
Revenues by Source – Governmental activities



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 \$2,385,261 for the current fiscal year. Significant changes in business-type activities were as follows:

- The charges for services increased \$474,033 from 2022 to 2023. The City adjusted utility rates in 2023 as follows: 3% for Waste Management, 4% for Sewage Disposal, 3% for Water Department, and 13% for Storm Water.
- The City experienced positive investment earnings in 2023 following the impact of increasing interest rates during 2022. The City’s investment portfolio earned a return of 5.18 percent for 2023 compared to a negative return of (8.85 percent) for 2022. The business-type activities earned \$1,287,355 during 2023.
- The Sewage Disposal and Water Department experienced increased operating costs resulting from system capacity studies and inflationary increases in operations. Various pump and control panel repairs were needed to the sewage disposal system.

## 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 \$21,656,028, a decrease of \$288,301, in comparison with the prior year. \$6,580,769 or 30.39 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 77 for the detailed information regarding fund balances. Approximately 1.12 percent or \$242,954 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 31.79 percent or \$6,884,480 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 2.35 percent of the total fund balance or \$507,911. Fund balance amounts that are constrained by the City Council's intent are classified as assigned fund balance and comprise 34.35 percent of the total fund balance or \$7,439,914.

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 \$6,580,769, while the total fund balance was \$10,063,245. 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 45.95 percent of the total General fund expenditures, while the total fund balance represents 70.26 percent of that same amount.

The fund balance of the City of Fergus Falls' General fund increased by \$1,378,653 during the current fiscal year. Key factors in this increase are as follows:

- At the end of the year, the City received \$614,482 of Public Safety Aid and \$100,275 of Local Housing Aid from the State of Minnesota. The funds will be used in a future year.
- The investment earnings were \$596,739 versus the budget of \$200,000 as noted with the performance of the investment portfolio.
- The City's 2023 bituminous overlay and seal coat projects were \$182,000 under budget. The City will carry \$170,000 of the unexpended budget for the 2024 projects.

The Port Authority fund had a total fund balance of \$3,602,100 as of December 31, 2023. Of the total fund balance, \$626,667 is restricted for the Community Behavioral Health Hospital (CBHH) operations and capital maintenance and \$150,813 is restricted for a MN DEED revolving loan for the old dairy site cleanup. The remaining fund balance of \$2,824,620 is assigned for Port Authority economic development purposes. The net increase in fund balance during the current year was \$172,954. The increase was the result of a \$112,500 settlement received for the old dairy site and funds received from the State of Minnesota for future capital maintenance of the CBHH. The demolition and cleanup expenses for the old dairy site are accounted for in the property held for resale as the Port Authority intends to sell the property for future park 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 \$44,027 as of December 31, 2023, 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 \$690,126 as of December 31, 2023. Of the total fund balance, \$127,671 is restricted for unexpended bond proceeds for infrastructure improvements. The remaining fund balance of \$562,455 is assigned for future capital projects and debt service on improvement bonds. The fund balance decreased \$1,067,226 during the current year. The City transferred unexpended donations of \$395,681 to the Public Library special revenue fund. The funds will be used for future capital maintenance of the Public Library. The City expended \$101,200 from fund balance for Permanent Improvement Revolving Fund projects and bond debt service payments. The City also expended funds during 2023 for projects where the funding will be provided in future years.

**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 \$1,690,794.
- Liquor Store net position of \$2,445,355.
- Sewage Disposal net position of \$10,862,905.
- Water Department net position of \$6,496,463.
- Storm Water net position of \$2,139,202.

The total change in net position for proprietary funds was an increase of \$2,273,065. The net increase was the result of positive operations and positive investment earnings in all proprietary funds. 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 2023 were an increase of \$2,742,068 in appropriations (expenditures and transfers out) and can be briefly summarized as follows:

- \$1,449,984 increase from unexpended 2022 capital outlay carried forward to 2023.
- \$660,000 increase to transfers out for funding to the Operations capital projects fund for the Downtown Riverfront Phase 2 project.
- \$194,838 increase to carry forward funding for future payments of benefits owed upon retirements.
- \$118,166 increase from 2022 in unexpended forfeiture funds carried forward to 2023 and a \$8,272 increase for the receipt of 2023 forfeitures.
- \$104,000 increase for the receipt of a federal grant (\$78,000) and matching funds (\$26,000) for mountain bike trail in Ferber Park.
- \$58,319 increase to the ice and snow removal budget from the unexpended 2023 budget.
- \$53,000 increase for the replacement of the scoreboard at the American Legion Field with funding provided by the Youth Baseball Association.
- \$41,414 increase for funding to the Red River Mill project funded through a redevelopment grant.
- A net increase of \$62,347 as a result of miscellaneous adjustments for various programs.

When comparing the 2023 actual results with the final budget, variances in revenues and expenditures are noted as follows:

- The City experienced increased construction throughout the City resulting in additional building permit revenue of \$31,423 over the budget.
- The City received funds from the ARPA and recognized \$83,713, which was not included within the 2023 budget.
- The City received \$206,852 of unbudgeted intergovernmental State revenues restricted for street maintenance projects, \$44,087 of additional State Police Aid, \$614,482 of Public Safety Aid, and \$100,275 of Local Housing Aid, all of which were not included in the 2023 budget.
- The City received unbudgeted charges for off-season ice rental at the Community Ice Arena.
- The City experienced positive investment earnings of \$596,739 compared to \$200,000 included in the 2023 budget.
- 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 Data Processing department spent less than anticipated on supplies and equipment with the upgrade of the main information technology system to Power 10.
- The Streets and Highways department did not perform a seal coat project during 2023 and the unexpended funds along with funds for bituminous overlays will be carried forward to 2024.
- The Culture and Recreation expenditures exceeded the budget due to the provision of off-season ice and increased staff and utility costs for operating the arena. Additional charges for services were received from renting the arena for off-season ice. The Park Areas were also over budget with more staff time allocated to Park Areas from other areas of the City.
- The debt service expenditures were over budget due to reallocating lease payments according to GASB No. 87.
- The Community Development expenditures exceeded the budget due to expenditures for redevelopment of the Red River Mill that were funded through a redevelopment grant.
- The Economic Development expenditures exceeded the budget by \$11,264 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 \$110,620 to the Operations capital projects fund to cover interest expense for projects under construction.
- The City transferred accumulated restricted funds to various street construction projects.

### **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, 2023 amounts to \$115,370,690 (net of accumulated depreciation and amortization). This investment in capital assets includes land, intangible assets, buildings and systems, improvements other than buildings, machinery and equipment, leased equipment, and infrastructure.

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

- A variety of street, bridge, and sidewalk construction projects were completed and in progress during 2023; additions to capital assets were \$404,924 and construction in progress as of the close of the fiscal year was \$813,658.
- The fuel system at the airport was replaced and \$729,483 was added to capital assets.
- The City is constructing improvements to the downtown riverfront corridor. The first phase was completed during 2022 and the second phase was under construction during 2023 with completion planned for 2024. Construction in progress for the second phase was \$4,088,711 as of December 31, 2023.
- The City completed the technology update for the Bigwood Event Center and \$83,713 was added to capital assets.
- During 2023, the City purchased \$496,527 of various equipment to replace machinery and equipment within the City's fleet. Equipment with a historical cost of \$183,002 was either traded in for the new equipment or disposed.
- The City constructed a salt and sand storage building during 2023 for a cost of \$292,604.
- During 2023, 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 \$1,697,728. Construction in progress for these areas was \$889,476 as of December 31, 2023.

- Depreciation and amortization for 2023 was \$4,019,508 for governmental activities and \$1,527,819 for business-type activities.

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

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$6,187,360	\$6,187,360	\$565,940	\$565,940	\$6,753,300	\$6,753,300
Intangible assets	232,170	232,170			232,170	232,170
Buildings and systems	24,555,001	24,520,701	3,626,317	3,766,902	28,181,318	28,287,603
Improvements other than buildings	10,428,175	10,790,562	29,764,192	29,386,467	40,192,367	40,177,029
Machinery and equipment	5,297,626	5,502,383	1,296,602	1,363,835	6,594,228	6,866,218
Infrastructure	26,218,011	27,011,945			26,218,011	27,011,945
Leased equipment	92,215	114,433			92,215	114,433
Construction in progress	6,217,605	2,358,400	889,476	1,623,351	7,107,081	3,981,751
<b>Total</b>	<b>\$79,228,163</b>	<b>\$76,717,954</b>	<b>\$36,142,527</b>	<b>\$36,706,495</b>	<b>\$115,370,690</b>	<b>\$113,424,449</b>

Additional information on the City of Fergus Falls' capital assets can be found in Note 3 on pages 72 - 74 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 \$17,079,320. Of this amount, \$3,350,000 comprises capital improvement plan debt and equipment certificates backed by the full faith and credit of the City; \$1,300,000 comprises improvement debt backed by special assessments levied against benefiting properties and the full faith and credit of the City; \$6,834,320 comprises Port Authority debt backed by the full faith and credit of the City and the collection of general property taxes and payments from a financed purchase agreement pledged to the bonds; \$1,670,000 comprises general obligation tax increment bonds backed by the full faith and credit of the City and the collection of tax increments pledged to the bonds; and \$3,925,000 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	
	2023	2022	2023	2022	2023	2022
Capital improvement plan	\$3,060,000	\$3,370,000			\$3,060,000	\$3,370,000
Equipment certificates	290,000	335,000			290,000	335,000
Sales tax revenue bonds	0	900,000			0	900,000
Improvement debt with governmental commitment	1,300,000	1,585,000			1,300,000	1,585,000
Port Authority bonds	6,834,320	4,984,547			6,834,320	4,984,547
Tax increment bonds	1,670,000	1,670,000			1,670,000	1,670,000
Revenue bonds			3,925,000	4,315,000	3,925,000	4,315,000
<b>Total</b>	<b>\$13,154,320</b>	<b>\$12,844,547</b>	<b>\$3,925,000</b>	<b>\$4,315,000</b>	<b>\$17,079,320</b>	<b>\$17,159,547</b>

The City of Fergus Falls' total bonded debt decreased \$80,227 (.47 percent) during the current fiscal year. The change in bonded debt is the result of the issuance of the \$2,015,000 G.O. Port Authority Bonds, Series 2023A, which provided funds for Phase 2 of the improvements to the Downtown Riverfront Corridor. The City also received proceeds from the final draw of the G.O. Port Authority Bonds, Series 2020B (\$55,183). 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 \$34,578,714, 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 79 - 81 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The 2023 annual average unemployment rate (not seasonally adjusted) for the City of Fergus Falls was 2.50 percent, which was a decrease from a rate of 3.40 percent a year ago. This compares favorably to the State's 2023 annual unemployment rate (not seasonally adjusted) of 2.60 percent, and also compares favorably to the United States' 2023 annual average unemployment rate of 3.50 percent.

Development activity within the City continued to grow during 2023. The City experienced new home construction and the housing market remained strong for existing home sales. The City experienced new construction in the commercial area as well as several remodeling projects. The value of building permits decreased from a high in 2022 of \$47.4 million to \$38.6 million in 2023. The City is experiencing further development activity thus far in 2024, including new construction and remodeling permits with a value of \$32.5 million.

The City experienced growth in the valuation of commercial and residential properties during 2022 and 2023. The City's 2024 property tax levy increased \$515,450 or 6.75 percent. The City's tax rate increased from 53.806 percent in 2023 to 54.652 percent in 2024 or 1.57 percent.

During the current fiscal year, the total fund balance in the General fund increased to \$10,063,245. The City relies on the State of Minnesota Local Government Aid (LGA). The 2023 LGA allotment of \$3,837,648 comprises 20 percent of the funding for the 2023 General fund original budget. The City received a .75 percent increase in LGA for 2023. For several years, the City has experienced stable amounts of LGA from the State of Minnesota. The State of Minnesota allocated an additional \$578,000 or 15 percent of LGA to the City for 2024. The City strives to maintain an 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 2024 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.

# **BASIC FINANCIAL STATEMENTS**



**CITY OF FERGUS FALLS, MINNESOTA**  
**Statement of Net Position**  
**December 31, 2023**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	PEG Access	Fergus Falls Convention and Visitor's Bureau, Inc.
<b>ASSETS</b>					
Cash and cash equivalents	\$5,661,254	\$6,342,142	\$12,003,396	\$304,173	\$191,963
Investments	12,006,775	15,500,000	27,506,775		
Receivables:					
Taxes	589,168		589,168		
Special assessments	5,682,910		5,682,910		
Notes and contracts	4,722,114		4,722,114		
Leases	2,620,721		2,620,721		
Intergovernmental	3,570,725	100,504	3,671,229		21,122
Other	933,812	949,348	1,883,160	18,942	845
Internal balances	(4,461,199)	4,461,199			
Inventories	473,226	1,724,649	2,197,875		
Prepaid items	99,749	69,304	169,053	1,565	2,995
Property held for resale	3,888,703		3,888,703		
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	822,230	1,284,503	2,106,733		
Investments		1,500,000	1,500,000		
Net pension asset - fire relief association	1,133,090		1,133,090		
Capital assets (net of accumulated depreciation):					
Land	6,187,360	565,940	6,753,300		
Intangible assets	232,170		232,170		
Buildings and systems	24,555,001	3,626,317	28,181,318		
Improvements other than buildings	10,428,175	29,764,192	40,192,367		
Machinery and equipment	5,297,626	1,296,602	6,594,228		
Infrastructure	26,218,011		26,218,011		
Lease equipment	92,215		92,215		
Construction in progress	6,217,605	889,476	7,107,081		
Total assets	\$116,971,441	\$68,074,176	\$185,045,617	\$324,680	\$216,925
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
OPEB	\$57,056	\$18,012	\$75,068		
Pensions	6,210,387	467,727	6,678,114		
Total deferred outflows of resources	\$6,267,443	\$485,739	\$6,753,182		

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	PEG Access	Fergus Falls Convention and Visitor's Bureau, Inc.
<b>LIABILITIES</b>					
Accounts payable	\$1,270,881	\$312,237	\$1,583,118	\$123	\$2,066
Accrued salaries payable	190,731	60,691	251,422	947	1,166
Retainage payable	476,251		476,251		
Intergovernmental payable	168,983	117,506	286,489	103	209
Interest payable	101,924	34,050	135,974		
Unearned revenue	1,045,606	11,126	1,056,732		
Liabilities payable from restricted assets	28,102		28,102		
Noncurrent liabilities:					
Due within one year	1,659,371	672,586	2,331,957	4,168	3,416
OPEB liability	28,586	9,023	37,609		
Due in more than one year	13,787,908	4,691,960	18,479,868	7,055	828
OPEB liability	407,233	128,550	535,783		
Net pension liability	6,235,502	1,734,103	7,969,605		
Total liabilities	<u>\$25,401,078</u>	<u>\$7,771,832</u>	<u>\$33,172,910</u>	<u>\$12,396</u>	<u>\$7,685</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Revenue for subsequent years	\$746,536		\$746,536		
Lease receivable	2,620,721		2,620,721		
OPEB	208,619	65,854	274,473		
Pensions	5,931,361	560,297	6,491,658		
Total deferred inflows of resources	<u>\$9,507,237</u>	<u>\$626,151</u>	<u>\$10,133,388</u>		
<b>NET POSITION</b>					
Net investment in capital assets	\$68,279,542	\$31,912,545	\$100,002,891		
Permanently restricted for: (nonexpendable)					
Library purposes	14,301		14,301		
Temporarily restricted for: (expendable)					
Canine program	3,253		3,253		
CBHH operations	28,673		28,673		
Community ice arena	409,840		409,840		
Dairy DEED revolving loan	150,813		150,813		
Debt service	2,693,942		2,693,942		
E & G Noyes Park	433		433		
Employee flexible benefits	1,767		1,767		
Fire relief pension	1,133,090		1,133,090		
Housing programs	100,275		100,275		
Infrastructure improvements	127,671		127,671		
Landfill closure/postclosure		2,097,543	2,097,543		
Library building	405,554		405,554		
Library purposes	54,862		54,862		
Park improvements	5,702		5,702		
Park sales tax funded projects	419,424		419,424		
Police forfeitures	126,438		126,438		
Police programs	7,065		7,065		
Public restrooms	7,876		7,876		
Public safety purposes	614,482		614,482		
Renewal and replacement - CBHH	597,994		597,994		
Revolving loans	2,919,626		2,919,626		
Street maintenance	508,498		508,498		
Tax increment districts	98,501		98,501		
Tri-centennial	8,988		8,988		
Unrestricted	<u>9,611,959</u>	<u>26,151,844</u>	<u>35,952,999</u>	<u>312,284</u>	<u>209,240</u>
Total net position	<u>\$88,330,569</u>	<u>\$60,161,932</u>	<u>\$148,492,501</u>	<u>\$312,284</u>	<u>\$209,240</u>

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, 2023**

<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>
<b>Primary government:</b>				
Governmental activities:				
General government	\$3,097,269	\$249,791	\$2,763	
Public safety	6,123,119	502,212	1,194,391	2,025
Streets and highways	6,078,022	51,474	278,839	2,839,676
Sanitation	56,593	14,203	40	
Airport	1,065,842	19,425	50,250	1,032,386
Culture and recreation	4,902,747	1,014,636	171,801	1,174,070
Community development	407,504	10,432	170,185	
Economic development	2,045,315	509,427	41,643	1,249,320
Interest on long-term debt	255,134			
Total governmental activities	<u>\$24,031,545</u>	<u>\$2,371,600</u>	<u>\$1,909,912</u>	<u>\$6,297,477</u>
Business-type activities:				
Waste Management	\$3,201,557	\$3,756,434		
Liquor Store	6,310,468	7,491,985		
Sewage Disposal	2,121,910	2,286,904		
Water Department	2,203,390	2,963,533		
Storm Water	527,395	832,446		
Total business-type activities	<u>\$14,364,720</u>	<u>\$17,331,302</u>		
Total primary government	<u><u>\$38,396,265</u></u>	<u><u>\$19,702,902</u></u>	<u><u>\$1,909,912</u></u>	<u><u>\$6,297,477</u></u>
<b>Component units:</b>				
PEG Access	\$73,517	\$640	\$100,018	
Fergus Falls Convention and Visitor's Bureau, Inc.	157,702	627	170,697	
Total component units	<u><u>\$231,219</u></u>	<u><u>\$1,267</u></u>	<u><u>\$270,715</u></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**

<b>Primary Government</b>			<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>PEG Access</b>	<b>Fergus Falls Convention and Visitor's Bureau, Inc.</b>
(\$2,844,715)		(\$2,844,715)		
(4,424,491)		(4,424,491)		
(2,908,033)		(2,908,033)		
(42,350)		(42,350)		
36,219		36,219		
(2,542,240)		(2,542,240)		
(226,887)		(226,887)		
(244,925)		(244,925)		
(255,134)		(255,134)		
<u>(\$13,452,556)</u>		<u>(\$13,452,556)</u>		
	\$554,877	\$554,877		
	1,181,517	1,181,517		
	164,994	164,994		
	760,143	760,143		
	305,051	305,051		
	<u>\$2,966,582</u>	<u>\$2,966,582</u>		
<u>(\$13,452,556)</u>	<u>\$2,966,582</u>	<u>(\$10,485,974)</u>		
			\$27,141	
				13,622
			<u>\$27,141</u>	<u>\$13,622</u>
\$7,650,231		\$7,650,231		
440,906		440,906		
169,797		169,797		
130,057		130,057		
3,838,824		3,838,824		
769,334	1,287,355	2,056,689	13,958	9,295
6,892		6,892		
1,868,676	(1,868,676)			
<u>\$14,874,717</u>	<u>(\$581,321)</u>	<u>\$14,293,396</u>	<u>\$13,958</u>	<u>\$9,295</u>
\$1,422,161	\$2,385,261	\$3,807,422	\$41,099	\$22,917
86,908,408	57,776,671	144,685,079	271,185	186,323
<u>\$88,330,569</u>	<u>\$60,161,932</u>	<u>\$148,492,501</u>	<u>\$312,284</u>	<u>\$209,240</u>

**CITY OF FERGUS FALLS, MINNESOTA**

**Balance Sheet**

**Governmental Funds**

**December 31, 2023**

	<u>General</u>	<u>Special Revenue Port Authority</u>	<u>Debt Service G.O. Port Authority 2019A</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$2,900,863	\$222,099	\$55,921
Restricted cash	10,844	794,128	
Investments	8,356,775		
Receivables:			
Taxes	187,122	1,882	
Special assessments			
Notes and contracts	7,500		2,497,500
Lease	215,562	2,405,159	
Intergovernmental	54,918		
Other	164,214	836	210
Due from other funds	5,168		
Inventories	129,854		
Prepaid items	91,220		
Property held for resale	30,795	3,857,908	
	<u>\$12,154,835</u>	<u>\$7,282,012</u>	<u>\$2,553,631</u>
<b>LIABILITIES</b>			
Accounts payable	\$307,706	\$3,553	
Accrued salaries payable	164,969	1,665	
Retainage payable			
Intergovernmental payable	141,447		
Due to other funds	324,865	1,261,959	
Advances from other funds	36,056		
Interest payable	542		
Unearned revenue	744,610	6,054	12,104
Customer deposits	10,844		
	<u>\$1,731,039</u>	<u>\$1,273,231</u>	<u>\$12,104</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Revenue for subsequent years	\$2,500		
Unavailable revenue - property tax	142,489	1,522	
Unavailable revenue - special assessments			
Unavailable revenue - long-term contract receivable			2,497,500
Lease receivable	215,562	\$2,405,159	
	<u>\$360,551</u>	<u>\$2,406,681</u>	<u>\$2,497,500</u>
<b>FUND BALANCES</b>			
Nonspendable	\$221,074		
Restricted	1,788,915	777,480	44,027
Committed			
Assigned	1,472,487	2,824,620	
Unassigned	6,580,769		
	<u>\$10,063,245</u>	<u>\$3,602,100</u>	<u>\$44,027</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$12,154,835</u>	<u>\$7,282,012</u>	<u>\$2,553,631</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>
	\$1,957,288	\$5,136,171
	17,258	822,230
	1,750,000	10,106,775
4,232	395,932	589,168
5,682,910		5,682,910
	2,217,114	4,722,114
		2,620,721
2,283,026	1,232,781	3,570,725
7,729	750,904	923,893
2,530,934	302,558	2,838,660
	2,200	132,054
	5,379	96,599
		3,888,703
<u>\$10,508,831</u>	<u>\$8,631,414</u>	<u>\$41,130,723</u>
\$484,857	\$436,373	\$1,232,489
1,749	15,670	184,053
439,210	37,041	476,251
3,087	23,688	168,222
2,178,606	798,321	4,563,751
		36,056
8,091	2,988	11,621
273,445	5,000	1,041,213
	17,258	28,102
<u>\$3,389,045</u>	<u>\$1,336,339</u>	<u>\$7,741,758</u>
\$744,036		\$746,536
3,432	38,545	185,988
5,682,192		5,682,192
		2,497,500
		2,620,721
<u>\$6,429,660</u>	<u>\$38,545</u>	<u>\$11,732,937</u>
	\$21,880	\$242,954
127,671	4,146,387	6,884,480
	507,911	507,911
562,455	2,580,352	7,439,914
		6,580,769
<u>\$690,126</u>	<u>\$7,256,530</u>	<u>\$21,656,028</u>
<u>\$10,508,831</u>	<u>\$8,631,414</u>	<u>\$41,130,723</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, 2023**

Total fund balance - governmental funds	\$21,656,028
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	139,166,446
Less: Accumulated depreciation	(62,886,275)
Lease equipment	139,436
Less: Accumulated amortization	(47,221)
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	(11,854,320)
Permanent improvement revolving fund bonds	(1,300,000)
Lease liability	(94,538)
Compensated absences - benefits owed	(1,411,164)
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.	
	(749,488)
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.	
	5,144,152
The consolidation of the internal service funds with the governmental activities resulted in an internal balance to business-type activities.	
	(2,517,125)
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.	
	185,988
Deferred and delinquent special assessment receivables are not available to pay for current expenditures and, therefore, are deferred in the funds.	
	5,682,192
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.	
	2,497,500
Governmental funds do not report a liability for a total OPEB liability.	
	(435,819)
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.	
	(90,303)
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.	
	(6,026,623)
Net pension assets created through non-employer contributions to defined benefit pension plans are not recognized in the governmental funds.	
	1,133,090
Deferred outflows of resources related to pensions are not reported in the funds.	
	6,154,047
Deferred outflows of resources related to the OPEB liability are not reported in the funds.	
	57,056
Deferred inflows of resources related to pensions are not reported in the funds.	
	(5,863,871)
Deferred inflows of resources related to the OPEB liability are not reported in the funds.	
	(208,619)
Total net position - governmental activities	\$88,330,569



**CITY OF FERGUS FALLS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2023**

	<u>General</u>	<u>Special Revenue Port Authority</u>	<u>Debt Service G.O. Port Authority 2019A</u>
<b>REVENUES</b>			
Taxes	\$6,026,752	\$59,955	
Special assessments			
Licenses and permits	266,968		
Intergovernmental	5,680,427	9	
Charges for services	1,170,920		
Fines and forfeits	75,705		
Contributions	75,248		
Investment earnings	596,739	20,468	3,338
Other interest income			
Rent	74,810	221,972	141,550
Other	49,355	112,831	
	<u>\$14,016,924</u>	<u>\$415,235</u>	<u>\$144,888</u>
<b>EXPENDITURES</b>			
Current:			
General government	\$2,699,913		
Public safety	5,362,755		
Streets and highways	2,467,150		
Sanitation	57,333		
Airport	222,504		
Culture and recreation	2,349,910		
Community development	335,343		
Economic development	102,788	210,247	
Debt service:			
Principal	22,849	395	60,000
Interest	4,049	29	79,050
Other			495
Capital outlay	698,329		
	<u>\$14,322,923</u>	<u>\$210,671</u>	<u>\$139,545</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(\$305,999)</u>	<u>\$204,564</u>	<u>\$5,343</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$2,726,645		
Transfers (out)	(1,041,993)	(86,793)	
General obligation bonds issued		55,183	
Premium on general obligation bonds issued			
Proceeds from lease issuance			
	<u>\$1,684,652</u>	<u>(\$31,610)</u>	
Net change in fund balances	\$1,378,653	\$172,954	\$5,343
Fund balances - beginning	8,684,592	3,429,146	38,684
Fund balances - ending	<u>\$10,063,245</u>	<u>\$3,602,100</u>	<u>\$44,027</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>
\$124,233	\$2,143,665	\$8,354,605
384,844		384,844
		266,968
3,400,766	1,197,355	10,278,557
	129,014	1,299,934
	6,337	82,042
954,707	48,117	1,078,072
(115,139)	148,300	653,706
46,182	61,380	107,562
	107,800	546,132
21,605	15,965	199,756
<u>\$4,817,198</u>	<u>\$3,857,933</u>	<u>\$23,252,178</u>
		\$2,699,913
		5,362,755
2,323,793		4,790,943
		57,333
	597,659	820,163
10,259	1,191,317	3,551,486
	72,064	407,407
1,336,308	284,503	1,933,846
	1,739,424	1,822,668
	281,367	364,495
	1,991	2,486
4,647,592	913,794	6,259,715
<u>\$8,317,952</u>	<u>\$5,082,119</u>	<u>\$28,073,210</u>
<u>(\$3,500,754)</u>	<u>(\$1,224,186)</u>	<u>(\$4,821,032)</u>
\$1,017,913	\$1,944,457	\$5,689,015
(737,856)	(1,521,336)	(3,387,978)
2,015,000		2,070,183
138,471		138,471
	23,040	23,040
<u>\$2,433,528</u>	<u>\$446,161</u>	<u>\$4,532,731</u>
(\$1,067,226)	(\$778,025)	(\$288,301)
<u>1,757,352</u>	<u>8,034,555</u>	<u>21,944,329</u>
<u>\$690,126</u>	<u>\$7,256,530</u>	<u>\$21,656,028</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, 2023**

Total net change in fund balance - governmental funds	(\$288,301)
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	6,034,591
Depreciation/amortization expense	(3,333,131)
Net effect of various transactions involving capital assets	(233,742)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the fund.	
Special assessments deferred and delinquent	218,857
Notes receivable deferred	(62,500)
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.	
	36,386
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the statement of activities.	
	8,518
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.	
	1,822,668
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.	
	(2,093,223)
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.	
	3,978
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.	
	(30,602)
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.	
	35,548
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.	
	(623,088)
Internal service fund activity.	(73,798)
Change in net position - governmental activities	<u><u>\$1,422,161</u></u>

**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, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$6,085,150	\$6,085,150	\$6,026,752	(\$58,398)
Licenses and permits	222,960	222,960	266,968	44,008
Intergovernmental	4,450,048	4,618,514	5,680,427	1,061,913
Charges for services	973,956	973,956	1,170,920	196,964
Fines and forfeits	59,500	67,772	75,705	7,933
Contributions	5,000	64,500	75,248	10,748
Investment earnings	200,000	200,000	596,739	396,739
Other interest income	2,000	2,000		(2,000)
Rent	46,500	46,500	74,810	28,310
Other	50,000	50,000	49,355	(645)
	<u>\$12,095,114</u>	<u>\$12,331,352</u>	<u>\$14,016,924</u>	<u>\$1,685,572</u>
<b>EXPENDITURES</b>				
General government	\$2,737,337	\$2,912,888	\$2,699,913	(\$212,975)
Public safety	5,440,866	5,399,757	5,362,755	(37,002)
Streets and highways	2,782,110	2,840,067	2,467,150	(372,917)
Sanitation	52,192	52,192	57,333	5,141
Airport	215,993	215,993	222,504	6,511
Culture and recreation	2,007,487	2,016,335	2,349,910	333,575
Community development	298,904	301,404	335,343	33,939
Economic development	50,073	91,487	102,788	11,301
Debt service:				
Principal			22,849	22,849
Interest	1,422	1,422	4,049	2,627
Capital outlay	439,125	2,276,032	698,329	(1,577,703)
	<u>\$14,025,509</u>	<u>\$16,107,577</u>	<u>\$14,322,923</u>	<u>(\$1,784,654)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(\$1,930,395)</u>	<u>(\$3,776,225)</u>	<u>(\$305,999)</u>	<u>\$3,470,226</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$1,887,245	\$1,897,470	\$2,726,645	\$829,175
Transfers (out)	(110,500)	(770,500)	(1,041,993)	(271,493)
	<u>\$1,776,745</u>	<u>\$1,126,970</u>	<u>\$1,684,652</u>	<u>\$557,682</u>
Net change in fund balances	<u>(\$153,650)</u>	<u>(\$2,649,255)</u>	\$1,378,653	<u>\$4,027,908</u>
Fund balance - beginning			<u>8,684,592</u>	
Fund balance - ending			<u>\$10,063,245</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, 2023**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Over (Under)</b>
<b>REVENUES</b>			
Taxes:			
General property tax	\$61,000	\$59,881	(\$1,119)
Mobile home tax	75	74	(1)
Total taxes	\$61,075	\$59,955	(\$1,120)
Intergovernmental	10	9	(1)
Investment earnings	10,000	20,468	10,468
Rent	238,490	221,972	(16,518)
Other	112,831	112,831	112,831
Total revenues	\$309,575	\$415,235	\$105,660
<b>EXPENDITURES</b>			
Current:			
Economic development	\$313,828	\$210,247	(\$103,581)
Debt service:			
Principal		\$395	\$395
Interest		29	29
Total debt service		\$424	\$424
Total expenditures	\$313,828	\$210,671	(\$103,157)
Excess (deficiency) of revenues over (under) expenditures	(\$4,253)	\$204,564	\$208,817
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(\$88,137)	(\$86,793)	\$1,344
General obligation bonds issued		55,183	55,183
Total other financing sources and (uses)	(\$88,137)	(\$31,610)	\$56,527
Net change in fund balances	(\$92,390)	\$172,954	\$265,344
Fund balance - beginning		3,429,146	
Fund balance - ending		\$3,602,100	

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, 2023**

	<b>Business-type Activities- Enterprise Funds</b>	
	<b>Waste Management</b>	<b>Liquor Store</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$668,422	\$766,055
Investments	1,500,000	900,000
Receivables:		
Interest	18,566	6,187
Accounts	354,483	
Intergovernmental		
Other	60	86
Due from other funds	10,025	
Advances to Other Funds		
Inventories		1,575,034
Prepaid items	69,304	
Total current assets	\$2,620,860	\$3,247,362
Noncurrent assets:		
Restricted assets:		
Financial assurance held for landfill closure/postclosure:		
Cash and cash equivalents	\$1,284,503	
Investments	1,500,000	
Total restricted assets	\$2,784,503	
Capital assets:		
Land	\$83,108	\$304,982
Buildings and systems	871,925	1,770,098
Improvements other than buildings	3,042,338	
Machinery and equipment	536,460	243,547
Construction in progress	28,703	
Less accumulated depreciation	(2,053,406)	(1,345,473)
Total capital assets (net of accumulated depreciation)	\$2,509,128	\$973,154
Total noncurrent assets	\$5,293,631	\$973,154
Total assets	\$7,914,491	\$4,220,516
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
OPEB	\$4,997	\$2,385
Pensions	143,778	123,528
Total deferred outflows of resources	\$148,775	\$125,913

<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities- Internal Service Funds</b>
<b>Sewage Disposal</b>	<b>Water Department</b>	<b>Storm Water</b>	<b>Totals</b>	
\$2,422,331	\$1,730,144	\$755,190	\$6,342,142	\$525,083
6,000,000	5,600,000	1,500,000	15,500,000	1,900,000
42,753	27,621	8,489	103,616	9,919
180,092	223,976	73,404	831,955	
	54,822	45,682	100,504	
10,077	3,554		13,777	
2,982,623		9,335	3,001,983	439
49,550	100,065		1,724,649	36,056
			69,304	341,172
				3,150
<u>\$11,687,426</u>	<u>\$7,740,182</u>	<u>\$2,392,100</u>	<u>\$27,687,930</u>	<u>\$2,815,819</u>
			\$1,284,503	
			1,500,000	
			<u>\$2,784,503</u>	
\$8,709	\$100,608	\$68,533	\$565,940	\$4,350
14,427,561	4,356,378		21,425,962	713,415
20,379,201	22,668,562	11,380,940	57,471,041	10,798,711
1,330,886	1,128,489		3,239,382	
449,722	215,398	195,653	889,476	
<u>(24,708,954)</u>	<u>(13,794,278)</u>	<u>(5,547,163)</u>	<u>(47,449,274)</u>	<u>(8,660,699)</u>
<u>\$11,887,125</u>	<u>\$14,675,157</u>	<u>\$6,097,963</u>	<u>\$36,142,527</u>	<u>\$2,855,777</u>
<u>\$11,887,125</u>	<u>\$14,675,157</u>	<u>\$6,097,963</u>	<u>\$38,927,030</u>	<u>\$2,855,777</u>
<u>\$23,574,551</u>	<u>\$22,415,339</u>	<u>\$8,490,063</u>	<u>\$66,614,960</u>	<u>\$5,671,596</u>
\$4,244	\$6,112	\$274	\$18,012	
84,980	99,233	16,208	467,727	56,340
<u>\$89,224</u>	<u>\$105,345</u>	<u>\$16,482</u>	<u>\$485,739</u>	<u>\$56,340</u>

(Continued)



**CITY OF FERGUS FALLS, MINNESOTA**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2023**

	<b>Business-type Activities- Enterprise Funds</b>	
	<b>Waste Management</b>	<b>Liquor Store</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$18,637	\$204,825
Accrued salaries payable	18,202	15,496
Compensated absences	77,465	31,866
Intergovernmental payable	105,508	75
Due to other funds	48,578	1,497
Revenue bonds payable	125,000	
Interest payable	4,006	
Unearned revenue		10,646
OPEB liability	2,503	1,195
Estimated liability for landfill closure/postclosure	50,000	
	<u>\$449,899</u>	<u>\$265,600</u>
Total current liabilities		
Noncurrent liabilities:		
Revenue bonds payable, net of premiums	\$1,550,341	
Compensated absences	44,719	30,621
OPEB liability	35,661	17,022
Net pension liability	533,059	457,981
Estimated liability for landfill closure/postclosure	636,960	
	<u>\$2,800,740</u>	<u>\$505,624</u>
Total noncurrent liabilities		
	<u>\$3,250,639</u>	<u>\$771,224</u>
Total liabilities		
<b>DEFERRED INFLOWS OF RESOURCES</b>		
OPEB	\$18,269	\$8,720
Pensions	172,234	147,976
	<u>\$190,503</u>	<u>\$156,696</u>
Total deferred inflows of resources		
<b>NET POSITION</b>		
Net investment in capital assets	\$833,787	\$973,154
Restricted for:		
Landfill closure/postclosure	2,097,543	
Unrestricted	1,690,794	2,445,355
	<u>\$4,622,124</u>	<u>\$3,418,509</u>
Total net position		

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)

<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities- Internal Service Funds</b>
<b>Sewage Disposal</b>	<b>Water Department</b>	<b>Storm Water</b>	<b>Totals</b>	
\$31,002	\$13,285	\$44,488	\$312,237	\$38,392
10,088	15,648	1,257	60,691	6,678
46,021	63,948	3,286	222,586	17,900
	11,923		117,506	761
308,959	571,303	127,572	1,057,909	219,422
	240,000	35,000	400,000	
	21,445	8,599	34,050	
	480		11,126	4,393
2,126	3,062	137	9,023	
			50,000	
<u>\$398,196</u>	<u>\$941,094</u>	<u>\$220,339</u>	<u>\$2,275,128</u>	<u>\$287,546</u>
	\$1,696,395	\$573,471	\$3,820,207	
62,653	95,222	1,578	234,793	19,869
30,291	43,622	1,954	128,550	
315,064	367,907	60,092	1,734,103	208,879
			636,960	
<u>\$408,008</u>	<u>\$2,203,146</u>	<u>\$637,095</u>	<u>\$6,554,613</u>	<u>\$228,748</u>
<u>\$806,204</u>	<u>\$3,144,240</u>	<u>\$857,434</u>	<u>\$8,829,741</u>	<u>\$516,294</u>
\$15,517	\$22,347	\$1,001	\$65,854	
101,799	118,872	19,416	560,297	67,490
<u>\$117,316</u>	<u>\$141,219</u>	<u>\$20,417</u>	<u>\$626,151</u>	<u>\$67,490</u>
\$11,877,350	\$12,738,762	\$5,489,492	\$31,912,545	\$2,855,777
			2,097,543	
10,862,905	6,496,463	2,139,202	23,634,719	2,288,375
<u>\$22,740,255</u>	<u>\$19,235,225</u>	<u>\$7,628,694</u>	<u>\$57,644,807</u>	<u>\$5,144,152</u>
			2,517,125	
			<u>\$60,161,932</u>	

**CITY OF FERGUS FALLS, MINNESOTA**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2023**

	<b>Business-type Activities- Enterprise Funds</b>	
	<b>Waste Management</b>	<b>Liquor Store</b>
<b>OPERATING REVENUES AND GROSS PROFIT</b>		
Sales and charges for services	\$3,756,368	\$7,487,100
Cost of sales		(5,018,472)
	<u>\$3,756,368</u>	<u>\$2,468,628</u>
<b>OPERATING EXPENSES</b>		
Personal service	\$768,861	\$665,325
Employee benefits	380,944	222,286
Supplies	85,397	32,539
Utilities	33,124	65,967
Other	1,820,034	264,630
Depreciation	145,042	40,948
	<u>\$3,233,402</u>	<u>\$1,291,695</u>
Total operating expenses		
	<u>\$522,966</u>	<u>\$1,176,933</u>
Operating income (loss)		
	<u>\$522,966</u>	<u>\$1,176,933</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment earnings	\$234,630	\$70,744
Other interest income		
Rent		4,296
Other income	66	589
Gain on disposal of capital assets		
Interest expense	(35,946)	
	<u>\$198,750</u>	<u>\$75,629</u>
Total nonoperating revenues (expenses)		
	<u>\$198,750</u>	<u>\$75,629</u>
Income before contributions and transfers	\$721,716	\$1,252,562
Capital contributions		
Transfers (out)	(323,207)	(704,251)
	<u>\$398,509</u>	<u>\$548,311</u>
Change in net position		
	<u>\$398,509</u>	<u>\$548,311</u>
Total net position - beginning	\$4,223,615	\$2,870,198
	<u>\$4,223,615</u>	<u>\$2,870,198</u>
Total net position - ending	\$4,622,124	\$3,418,509
	<u>\$4,622,124</u>	<u>\$3,418,509</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.

<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities- Internal Service Funds</b>
<b>Sewage Disposal</b>	<b>Water Department</b>	<b>Storm Water</b>	<b>Totals</b>	
\$2,241,797	\$2,958,578	\$784,129	\$17,227,972 (5,018,472)	\$4,468,869
<u>\$2,241,797</u>	<u>\$2,958,578</u>	<u>\$784,129</u>	<u>\$12,209,500</u>	<u>\$4,468,869</u>
\$452,398	\$539,775	\$93,351	\$2,519,710	\$302,574
197,492	214,626	21,992	1,037,340	114,434
144,078	388,404	9,856	660,274	634,287
170,940	107,059	2,843	379,933	52,013
576,273	375,214	209,743	3,245,894	2,389,066
600,104	549,979	191,746	1,527,819	686,378
<u>\$2,141,285</u>	<u>\$2,175,057</u>	<u>\$529,531</u>	<u>\$9,370,970</u>	<u>\$4,178,752</u>
<u>\$100,512</u>	<u>\$783,521</u>	<u>\$254,598</u>	<u>\$2,838,530</u>	<u>\$290,117</u>
\$538,093	\$339,117	\$103,434	\$1,286,018	\$115,628
	1,337		1,337	
	3,741		8,037	
45,107	1,214	48,317	95,293	8,158
				6,892
	<u>(35,593)</u>	<u>(15,935)</u>	<u>(87,474)</u>	
<u>\$583,200</u>	<u>\$309,816</u>	<u>\$135,816</u>	<u>\$1,303,211</u>	<u>\$130,678</u>
\$683,712	\$1,093,337	\$390,414	\$4,141,741	\$420,795
17,763	25,334	13,759	56,856	
<u>(372,708)</u>	<u>(395,304)</u>	<u>(130,062)</u>	<u>(1,925,532)</u>	<u>(375,505)</u>
\$328,767	\$723,367	\$274,111	\$2,273,065	\$45,290
<u>\$22,411,488</u>	<u>\$18,511,858</u>	<u>\$7,354,583</u>	<u>\$55,371,742</u>	<u>\$5,098,862</u>
<u>\$22,740,255</u>	<u>\$19,235,225</u>	<u>\$7,628,694</u>	<u>\$57,644,807</u>	<u>\$5,144,152</u>
			<u>112,196</u>	
			<u>\$2,385,261</u>	

**CITY OF FERGUS FALLS, MINNESOTA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2023**

	<b>Business-type Activities- Enterprise Funds</b>	
	<b>Waste Management</b>	<b>Liquor Store</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$3,743,152	\$7,487,491
Payments from interfund services provided		
Payments to suppliers	(125,997)	(5,247,439)
Payments to employees	(906,952)	(780,547)
Payments for interfund services used	(693,687)	(102,483)
Other income	66	4,885
Other expenses	(1,436,285)	(264,565)
	<u>\$580,297</u>	<u>\$1,097,342</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers to other funds	(\$322,287)	(\$714,021)
Advances to other funds		
Amount loaned for cash deficit		
Net cash provided (used) by noncapital financing activities	<u>(\$322,287)</u>	<u>(\$714,021)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Sale of capital assets		
Purchase of capital assets		
Repayment of due to other funds		
Principal paid on capital debt	(125,000)	
Interest paid on capital debt	(52,677)	
Net cash provided (used) by capital and related financing activities	<u>(\$177,677)</u>	<u></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of investments	\$355,823	\$19,754
Purchase of investments		
Interest and dividends received	175,373	48,743
Other interest		
Net cash provided (used) by investing activities	<u>\$531,196</u>	<u>\$68,497</u>
Net increase (decrease) in cash and cash equivalents	<u>\$611,529</u>	<u>\$451,818</u>
Cash and cash equivalents, January 1 (including \$348,232 reported in the restricted accounts)	<u>1,341,396</u>	<u>314,237</u>
Cash and cash equivalents, December 31 (including \$1,284,503 reported in the restricted accounts)	<u>\$1,952,925</u>	<u>\$766,055</u>

**Business-type Activities-Enterprise Funds**

<u>Sewage Disposal</u>	<u>Water Department</u>	<u>Storm Water</u>	<u>Totals</u>	<u>Governmental Activities- Internal Service Funds</u>
\$2,235,062	\$2,915,958	\$767,607	\$17,149,270	4,478,716
(339,111)	(552,447)	(20,237)	(6,285,231)	(776,074)
(544,258)	(657,843)	(106,503)	(2,996,103)	(344,775)
(274,091)	(154,482)	(135,666)	(1,360,409)	(91,019)
45,107	4,955	48,317	103,330	8,158
<u>(369,275)</u>	<u>(224,759)</u>	<u>(74,765)</u>	<u>(2,369,649)</u>	<u>(2,351,894)</u>
<u>\$753,434</u>	<u>\$1,331,382</u>	<u>\$478,753</u>	<u>\$4,241,208</u>	<u>\$923,112</u>
(366,895)	(385,475)	(127,591)	(\$1,916,269)	(\$156,660)
<u>(685,234)</u>			<u>(685,234)</u>	11,325
<u>(\$1,052,129)</u>	<u>(\$385,475)</u>	<u>(\$127,591)</u>	<u>(\$2,601,503)</u>	<u>(\$145,335)</u>
	\$10,076	\$12,444	\$22,520	50,130
(92,468)			(92,468)	(797,088)
(113,514)	(75,726)	(119,516)	(308,756)	
	(230,000)	(35,000)	(390,000)	
	<u>(71,201)</u>	<u>(21,525)</u>	<u>(145,403)</u>	
<u>(\$205,982)</u>	<u>(\$366,851)</u>	<u>(\$163,597)</u>	<u>(\$914,107)</u>	<u>(\$746,958)</u>
\$136,569		\$127,138	\$639,284	
	(1,012,992)		(1,012,992)	(275,308)
393,616	245,413	74,219	937,364	89,254
	1,337		1,337	
<u>\$530,185</u>	<u>(\$766,242)</u>	<u>\$201,357</u>	<u>\$564,993</u>	<u>(\$186,054)</u>
\$25,508	(\$187,186)	\$388,922	\$1,290,591	(\$155,235)
<u>2,396,823</u>	<u>1,917,330</u>	<u>366,268</u>	<u>6,336,054</u>	<u>680,318</u>
<u>\$2,422,331</u>	<u>\$1,730,144</u>	<u>\$755,190</u>	<u>\$7,626,645</u>	<u>\$525,083</u>

(Continued)

**CITY OF FERGUS FALLS, MINNESOTA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2023**

	<b>Business-type Activities- Enterprise Funds</b>	
	<b>Waste Management</b>	<b>Liquor Store</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$522,966	\$1,176,933
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	\$145,042	\$40,948
(Increase) decrease in accounts receivable	(9,114)	
(Increase) decrease in miscellaneous receivable	878	(8)
(Increase) decrease in intergovernmental receivable		
(Increase) decrease in due from other funds	(5,900)	
(Increase) decrease in inventories		(78,634)
(Increase) decrease in prepaid items	23,102	
(Increase) decrease in deferred outflows	74,851	81,087
Increase (decrease) in accounts payable	(7,622)	(53,260)
Increase (decrease) in accrued salaries payable	2,252	(1,989)
Increase (decrease) in compensated absences payable	20,946	14,904
Increase (decrease) in intergovernmental payable	(6,841)	65
Increase (decrease) in total OPEB liability	(3,277)	(255)
Increase (decrease) in net pension liability	(190,086)	(218,683)
Increase (decrease) in estimated liability for landfill closure/postclosure	(95,378)	
Increase (decrease) in due to other funds	(48,750)	1,441
Increase (decrease) in unearned revenues		391
Increase (decrease) in deferred inflows	157,162	129,517
Other income	66	4,885
Total adjustments	\$57,331	(\$79,591)
Net cash provided by operating activities	\$580,297	\$1,097,342
<b>Noncash investing, capital and financing activities:</b>		
Amortization of bond premium	\$16,448	
Amortization of demo cell permit cost	(23,101)	
Capital asset disposals		(8,863)
Capital asset adjustments		
Capital contributions financed through other funds		
Capital contributions financed for other funds		
Change in fair value of investments	55,823	19,754
Acquisition of property and equipment financed through due to other funds	28,703	
Transfers for capital project fund interest	(920)	

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

(Continued)

<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities- Internal Service Funds</b>
<b>Sewage Disposal</b>	<b>Water Department</b>	<b>Storm Water</b>	<b>Totals</b>	
\$100,512	\$783,521	\$254,598	\$2,838,530	\$290,117
\$600,104	\$549,979	\$191,746	\$1,527,819	\$686,378
(6,785)	(29,856)	(15,931)	(61,686)	
564	(2,399)		(965)	17,335
1,116	(16,965)	(45,682)	(61,531)	2,940
(1,357)		(591)	(7,848)	8,114
(2,621)	(30,611)		(111,866)	(58,329)
			23,102	(77)
58,656	53,173	9,128	276,895	39,923
(21,566)	(26,368)	36,462	(72,354)	(34,143)
(3,916)	(32,279)	203	(35,729)	(84)
276	10,877	4,864	51,867	13,873
	11,923		5,147	(387)
(10,282)	(11,120)	1,528	(23,406)	
(157,539)	(134,284)	(24,257)	(724,849)	(108,940)
			(95,378)	
58,729	89,116	994	101,530	59
	(600)		(209)	1,733
92,436	112,320	17,374	508,809	56,442
45,107	4,955	48,317	103,330	8,158
\$652,922	\$547,861	\$224,155	\$1,402,678	\$632,995
\$753,434	\$1,331,382	\$478,753	\$4,241,208	\$923,112
	\$33,572	\$4,861	\$54,881	
			(23,101)	
(14,111)	(46,417)		(69,391)	(276,250)
				150,692
17,763	25,334	13,759	56,856	
				(218,845)
136,569	87,008	27,138	326,292	24,692
239,510	444,727	124,107	837,047	
(5,813)	(9,829)	(2,471)	(19,033)	



**CITY OF FERGUS FALLS, MINNESOTA**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2023**

	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$389,175
Interest receivable	1,445
	\$390,620
 <b>FIDUCIARY NET POSITION</b>	
Restricted for:	
Other organizations	\$386,461
Resident insurance claims	4,159
	\$390,620
	\$390,620

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, 2023**

	<b>Custodial Funds</b>
<b>ADDITIONS</b>	
Insurance escrow proceeds	\$4,159
Investment earnings	18,306
Total additions	\$22,465
<b>DEDUCTIONS</b>	
Economic development	\$1,973
Total deductions	\$1,973
Change in fiduciary net position	\$20,492
Fiduciary net position - beginning	370,128
Fiduciary net position - ending	\$390,620

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

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**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, 2023**

**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, 2023**

**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, 2023**

**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, 2023**

**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, 2023**

**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 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, 2023**

**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, 2023**

**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, 2023**

**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.

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

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

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

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

The City determines the discount rate for leases based on the rate included in the lease agreement. If the rate is not stated in the agreement, the City uses its estimated borrowing rate applicable to State and Local Government Securities. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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.

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

3. Inventories and prepaid items (Continued)

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, street restoration deposits, cash held in the Port Authority special revenue fund for a Minnesota Department of Employment and Economic Development loan program, and cash held from the State of Minnesota for capital maintenance of the Community Behavioral Health Hospital 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 Statement of Net Position Proprietary Funds.

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.

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

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

6. Lease equipment/lease liabilities

The City recorded lease equipment as a result of implementing GASB Statement No. 87, *Leases*. The lease equipment are initially measured at an amount equal to the initial measurement of the lease liability plus any payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease equipment into service. The lease equipment are amortized on a straight-line basis over the life of the related lease.

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

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

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

7. 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, 2023. 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 seven 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

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

7. Deferred outflows/inflows of resources (Continued)

unavailable revenues from four sources: property taxes, special assessments, long-term contract receivable, and lease receivable.

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

8. 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.

9. Pensions

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

10. 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.

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

9. Long-term obligations (Continued)

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.

11. 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.

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

10. Fund balance (Continued)

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.

12. 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 debt used to build or acquire the capital assets. A reclassification of \$189,196 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.

13. 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, 2023**

**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 members 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, G.O. Equipment Certificates 2020A, G.O. Port Authority 2020A, G.O. Port Authority 2020B, G.O. Port Authority

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

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

**A. Budgetary information (Continued)**

2021A, and G.O. Tax Increment 2022A debt service funds; and the Operations and the Airport Capital Improvement capital projects funds.

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, 2023 as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Funds:			
Bigwood Event Center	\$274,204	\$367,238	\$93,034
Tax Increment Districts	142,294	148,530	6,236
Debt Service Funds:			
G.O. Sales Tax Revenue 2017A	936,495	939,141	2,646
G.O. Equipment Certificates 2020A	55,500	55,511	11
G.O. Port Authority 2021A	101,553	102,048	495

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**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. In addition, certain restricted funds are held separately from pooled funds in a non-interest bearing checking account and a municipal investor account as discussed below. 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 \$28,102, MN DEED RLF funds of \$150,813 (non-interest bearing checking account) and CBHH reserve funds of \$643,315 (municipal investor account); in addition to Waste Management financial assurance of \$2,784,503. The various restricted assets are included in deposits and investments.

**Deposits**

*Custodial credit risk - deposits:* As of December 31, 2023, the City's bank balance of \$810,775 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, 2023, the City's investment of \$194,806 in the Principal Money Market Fund is rated AAA by Standard & Poor's.

As of December 31, 2023, the City had the following investments:

	Investment Maturities (in years)				
	Fair Value	<1	1-5	5-10	>10
U.S. Treasuries	\$5,572,096		\$5,371,562	\$200,534	
U.S. Agencies	18,853,679	493,905	3,250,828	3,683,027	11,425,919
Taxable Municipal - G.O. Bonds	3,968,322	64,651	1,417,104	2,082,491	404,076
Taxable Municipal - Revenue Bonds	612,678		176,653	436,025	
Total	\$29,006,775	\$558,556	\$10,216,147	\$6,402,077	\$11,829,995

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, 2023, the 4M Fund balance of the account was \$14,289,012 with a carrying value of \$13,976,976. 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, 2023:

- Investments of \$5,048,069 are valued using quoted market prices (Level 1 inputs)
- Investments of \$23,958,706 are valued using a matrix pricing model (Level 2 inputs)

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and investments (Continued)**

Balance of cash and investments at December 31, 2023, is as follows:

Total investments	\$29,006,775
Brokered mutual fund money market accounts	14,171,782
Change funds	10,530
Total deposits	<u>813,128</u>
<b>TOTAL CASH AND INVESTMENTS</b> (Including cash equivalents)	<u><u>\$44,002,215</u></u>
Cash and investments - Primary Government	\$43,116,904
Cash and investments - Fiduciary Funds	389,175
Cash and temporary cash investments of component units	<u>496,136</u>
<b>TOTAL CASH AND INVESTMENTS - Reporting Entity</b> (Including cash equivalents)	<u><u>\$44,002,215</u></u>

Cash and investments are classified in the Statement of Net Position and the Statement of Fiduciary Net Position as of December 31, 2023, as follows:

Cash and cash equivalents - Primary Government	\$12,003,396
Cash and cash equivalents - PEG Access	304,173
Cash and cash equivalents - Fergus Falls Convention and Visitor's Bureau, Inc.	191,963
Cash and cash equivalents - Custodial Funds	389,175
Investments	27,506,775
Restricted assets - cash and cash equivalents	2,106,733
Restricted assets - investments	<u>1,500,000</u>
<b>TOTAL CASH AND INVESTMENTS</b>	<u><u>\$44,002,215</u></u>

**B. Notes and contracts receivable**

The City has recorded a long-term contract receivable for a building sold through a financed purchase agreement by the Fergus Falls Port Authority to Lakes Country Service Cooperative (LCSC) 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 agreement is for a term of thirty years commencing on July 1, 2019 and ending on June 30, 2049. The monthly payments are \$11,904 and are pledged to the payment of debt service on the bonds. The original cost of the facility was \$2,813,644. The agreement is recorded as a finance sale and the balance of the long-term contract receivable was \$2,497,500 as of December 31, 2023.

**C. Leases receivable**

As of December 31, 2023 the City had leases receivable and inflows of resources as follows:

Description of lease	Termination Date	Balance	2023 Inflows of Resources
State of Minnesota - Community Behavioral Health Hospital	April 30, 2036	\$2,405,159	\$215,080
American Tower Corporation - property for cellular communications tower	July 31, 2039	108,870	7,063
Independent School District 544 - DeLagoon Softball Field 5	June 30, 2030	57,247	9,942
Mortenson Outdoor Sign - property for outdoor (billboard) sign placement	Sept 17, 2033	<u>49,445</u>	<u>6,000</u>
Total governmental activities		<u><u>\$2,620,721</u></u>	<u><u>\$238,085</u></u>

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Leases receivable (Continued)**

The Fergus Falls Port Authority leases a building to the State of Minnesota for the operation of the Community Behavioral Health Hospital. The original lease commenced on May 1, 2006 for a term of ten years. The lease has four options to extend and final termination on April 30, 2036. The City considers the likelihood of these options being exercised to be greater than 50.00 percent. The agreement calls for monthly lease payments of \$18,032 - \$18,329 for the years 2024 - 2026. The lease does not include any variable payments or other payments not previously recognized. The lease is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 3.25 percent which was the incremental borrowing rate of the City at the implementation of GASB Statement No. 87.

The City leases property to American Tower Corporation for a cellular tower site. The original lease commenced in July 2009 with an initial term of 5 years. The lease has five options to extend for five years each, with final termination on July 31, 2039. The City considers the likelihood of these options being exercised to be greater than 50.00 percent. The agreement calls for monthly lease payments of \$605 in 2024 with an annual increase of 3.00 percent each January 1. The lease does not include any variable payments or other payments not previously recognized. The lease is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 3.25 percent which was the incremental borrowing rate of the City at the implementation of GASB Statement No. 87.

The City leases softball field no. 5 within the DeLagoon Park to Independent School District No. 544. The original lease commenced on May 1, 2021 with a 10-year term. The agreement calls for annual lease payments of \$9,942 through 2029 and \$4,168 due on June 30, 2030. The lease does not include any variable payments or other payments not previously recognized. The lease is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 3.00 percent which is stated in the lease agreement.

The City leases land adjacent to the municipal landfill to Mortenson Outdoor Sign for the placement of advertising sign structures. The original lease commenced on September 18, 2013 with a 20-year term. The agreement calls for annual lease payments of \$6,000 through 2033. The lease does not include any variable payments or other payments not previously recognized. The lease is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 3.25 percent which was the incremental borrowing rate of the City at the implementation of GASB Statement No. 87.

**D. Capital assets**

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$6,187,360				\$6,187,360
Intangible assets	232,170				232,170
Construction in progress	2,358,400	5,450,944	(1,591,739)		6,217,605
Total capital assets, not being depreciated	<u>\$8,777,930</u>	<u>\$5,450,944</u>	<u>(\$1,591,739)</u>		<u>\$12,637,135</u>
Other capital assets:					
Buildings and systems	\$39,756,388	\$1,132,144	(\$93,248)		\$40,795,284
Improvements other than buildings	15,020,559	206,731			15,227,290
Machinery and equipment	19,081,593	965,000	(1,340,469)		18,706,124
Infrastructure	62,912,166	404,923			63,317,089
Lease equipment	139,287	23,040	(22,891)		139,436
Total other capital assets at historical cost	<u>\$136,909,993</u>	<u>\$2,731,838</u>	<u>(\$1,456,608)</u>		<u>\$138,185,223</u>
Less accumulated depreciation for:					
Buildings and systems	\$15,235,687	\$1,054,607	(\$50,011)		\$16,240,283
Improvements other than buildings	4,229,997	569,118			4,799,115
Machinery and equipment	13,579,210	1,169,757	(1,340,469)		13,408,498
Infrastructure	35,900,221	1,198,857			37,099,078
Less accumulated amortization for:					
Lease equipment	24,854	27,169	(4,802)		47,221
Total accumulated depreciation and amortization	<u>\$68,969,969</u>	<u>\$4,019,508</u>	<u>(\$1,395,282)</u>		<u>\$71,594,195</u>
Total other capital assets, net	<u>\$67,940,024</u>	<u>(\$1,287,670)</u>	<u>(\$61,326)</u>		<u>\$66,591,028</u>
Governmental activities capital assets, net	<u>\$76,717,954</u>	<u>\$4,163,274</u>	<u>(\$1,653,065)</u>		<u>\$79,228,163</u>

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital assets (Continued)**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$565,940				\$565,940
Construction in progress	1,623,351	829,811	(1,563,686)		889,476
Total capital assets, not being depreciated	<u>\$2,189,291</u>	<u>\$829,811</u>	<u>(\$1,563,686)</u>		<u>\$1,455,416</u>
Other capital assets:					
Buildings and systems	\$21,168,186	\$38,699		\$219,077	\$21,425,962
Improvements other than buildings	56,000,674	1,470,367			57,471,041
Machinery and equipment	3,339,190	188,660	(69,391)	(219,077)	3,239,382
Total other capital assets	<u>\$80,508,050</u>	<u>\$1,697,726</u>	<u>(\$69,391)</u>		<u>\$82,136,385</u>
Less accumulated depreciation for:					
Buildings and systems	\$17,401,284	\$308,535		\$89,826	\$17,799,645
Improvements other than buildings	26,614,207	1,092,642			27,706,849
Machinery and equipment	1,975,355	126,642	(69,391)	(89,826)	1,942,780
Total accumulated depreciation	<u>\$45,990,846</u>	<u>\$1,527,819</u>	<u>(\$69,391)</u>		<u>\$47,449,274</u>
Total other capital assets, net	<u>\$34,517,204</u>	<u>\$169,907</u>			<u>\$34,687,111</u>
Business-type activities capital assets, net	<u>\$36,706,495</u>	<u>\$999,718</u>	<u>(\$1,563,686)</u>		<u>\$36,142,527</u>
<b>Component unit - PEG Access:</b>					
Other capital assets:					
Improvements other than buildings	\$62,041				\$62,041
Machinery and equipment	140,477				140,477
Total other capital assets	<u>\$202,518</u>				<u>\$202,518</u>
Less accumulated depreciation for:					
Improvements other than buildings	\$60,417	\$1,624			\$62,041
Machinery and equipment	140,477				140,477
Total accumulated depreciation	<u>\$200,894</u>	<u>\$1,624</u>			<u>\$202,518</u>
Component unit - PEG Access other capital assets, net	<u>\$1,624</u>	<u>(\$1,624)</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.

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital assets (Continued)**

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

Governmental activities:

General government	\$348,089
Airport	261,114
Public safety	382,843
Streets and highways including depreciation of infrastructure	1,575,989
Culture and recreation	1,340,909
Economic development	105,268
Sanitation	5,296
	<u>5,296</u>

Total depreciation and amortization expense - governmental activities \$4,019,508

Business-type activities:

Waste Management	\$145,042
Liquor Store	40,948
Sewage Disposal	600,104
Water Department	549,979
Storm Water	191,746
	<u>191,746</u>

Total depreciation expense - business-type activities \$1,527,819

Component unit - PEG Access:

General government	\$1,624
	<u>\$1,624</u>

**E. Commitments**

The City has active projects as of December 31, 2023. The projects include street and utility improvements, public utility infrastructure, an aquatic center, trail and structure improvements to the riverfront corridor in the downtown area, and an airport fuel system. At year end, the City's commitments are as follows:

Project	Total Contract Amount	Spent-to-date	Remaining Commitment
Street and Utility Improvements:			
Stanton - 5959	\$1,776,867	\$66,172	\$1,710,695
Summt, Linden, Laurel - 5960	1,657,886	225,995	1,431,891
Old Waste Water Treatment Plant Demolition - 9502	643,135		643,135
Aquatic Center - 9504	8,802,658	79,000	8,723,658
Downtown Riverfront Improvements - 9767/9768	7,927,972	7,006,826	921,146
Airport Fuel System - 9348	687,450	622,144	65,306
	<u>687,450</u>	<u>622,144</u>	<u>65,306</u>
Total	<u>\$21,495,968</u>	<u>\$8,000,137</u>	<u>\$13,495,831</u>

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Interfund receivables, payables, and transfers**

The composition of interfund balances as of December 31, 2023, is as follows:

Due to/from other funds:

Payable Fund	Receivable Fund				Payable Fund Sub Total
	General	Operations	Other Governmental Funds	Waste Management	
General		\$240,713	\$83,713		\$324,426
Port Authority	29	1,261,930			1,261,959
Operations					
Other Govt Funds	2,369				2,369
Waste Management	200	47,887			48,087
Liquor Store	1,497				1,497
Sewage Disposal	114	308,845			308,959
Water Department	382	543,987		10,025	554,394
Storm Water		127,572			127,572
Internal Service	577		218,845		219,422
<b>Total</b>	<b>\$5,168</b>	<b>\$2,530,934</b>	<b>\$302,558</b>	<b>\$10,025</b>	<b>\$2,848,685</b>

Payable Fund	Receivable Fund				Payable Fund Total
	Payable Fund Sub Total	Sewage Disposal	Storm Water	Internal Service	
General	\$324,426			\$439	\$324,865
Port Authority	1,261,959				1,261,959
Operations		2,178,606			2,178,606
Other Govt Funds	2,369	795,952			798,321
Waste Management	48,087	491			48,578
Liquor Store	1,497				1,497
Sewage Disposal	308,959				308,959
Water Department	554,394	7,574	9,335		571,303
Storm Water	127,572				127,572
Internal Service	219,422				219,422
<b>Total</b>	<b>\$2,848,685</b>	<b>\$2,982,623</b>	<b>\$9,335</b>	<b>\$439</b>	<b>\$5,841,082</b>

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 (\$2,178,606) and between the Airport Capital Improvement capital projects fund and the Sewage Disposal fund (\$795,952). The Port Authority owes the Operations capital projects fund for costs related to the Dairy Site cleanup (\$1,261,542). The other balances between funds are for reimbursements of operating and capital expenditures.



**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Interfund receivables, payables, and transfers (Continued)**

Advances to/from other funds:

Payable Fund	Receivable Fund	Purpose
	Internal Service	
General	\$36,056	Funding for purchase of golf course equipment

Interfund transfers:

Transfer Out	Transfer In	Amount	Purpose
General	Operations	\$873,030	Capital funding
General	Other Govt Funds	168,963	Operations and capital funding
Port Authority	Other Govt Funds	86,793	Debt service funding
Operations	Other Govt Funds	737,856	Capital & debt service funding
Other Govt Funds	General	789,101	Operations funding and close fund
Other Govt Funds	Operations	235	Close fund
Other Govt Funds	Other Govt Funds	732,000	Debt service funding & economic development
Waste Management	General	322,287	Operations and capital funding
Waste Management	Operations	920	Capital funding
Liquor Store	General	704,251	Operations and capital funding
Sewage Disposal	General	342,831	Operations and capital funding
Sewage Disposal	Operations	29,877	Capital funding
Water Department	General	310,565	Operations and capital funding
Water Department	Operations	84,739	Capital funding
Storm Water	General	100,950	Operations and capital funding
Storm Water	Operations	29,112	Capital funding
Internal Service	General	156,660	Operations and capital funding
Internal Service	Other Govt Funds	218,845	Capital funding
		<u>\$5,689,015</u>	
Total			

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Fund Balances**

	<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital Projects Operations</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Port Authority</u>	<u>G.O. Port Authority 2019A</u>			
Nonspendable:						
Inventories	\$129,854				\$2,200	\$132,054
Prepaid items	91,220				5,379	96,599
Permanent fund principal					14,301	14,301
Restricted for:						
Canine program	3,253					3,253
CBHH capital maintenance		597,994				597,994
CBHH operations		28,673				28,673
Community Ice Arena	409,840					409,840
Dairy DEED Revolving Loan		150,813				150,813
Debt service			44,027		242,718	286,745
E & G Noyes Park	433					433
Employee Flexible Benefits	1,767					1,767
Housing programs	100,275					100,275
Infrastructure improvements				127,671		127,671
Library building					405,554	405,554
Library purposes					54,862	54,862
Park improvements					5,702	5,702
Park sales tax funded projects					419,424	419,424
Police forfeitures	126,438					126,438
Police programs	7,065					7,065
Public restrooms	7,876					7,876
Public safety purposes	614,482					614,482
Revolving loans					2,919,626	2,919,626
Street maintenance	508,498					508,498
Tax increment plans					98,501	98,501
Tri-centennial	8,988					8,988
Committed to:						
Airport capital improvements					247,244	247,244
Bigwood Event Center capital maintenance					76,397	76,397
Tax abatement - Dental Specialists					1,109	1,109
Tax abatement - Fergus Care Center					13,953	13,953
Tax abatement - Housing Rebate					12,788	12,788
Tax abatement - Northstar					18,279	18,279
Tax abatement - Platte Properties					3,738	3,738
Tax abatement - Westridge Mall					134,403	134,403
Assigned to:						
Bigwood Event Center					45,929	45,929
Capital projects				562,455		562,455
Future capital outlay	1,366,955				153,475	1,520,430
Library operations					417,475	417,475
Park improvements					14,746	14,746
Port Authority operations		2,824,620				2,824,620
Regional Treatment Center	304					304
Revolving loans/ development projects					1,948,727	1,948,727
Snow removal	105,228					105,228
Unassigned	6,580,769					6,580,769
<b>Total fund balances</b>	<b>\$10,063,245</b>	<b>\$3,602,100</b>	<b>\$44,027</b>	<b>\$690,126</b>	<b>\$7,256,530</b>	<b>\$21,656,028</b>

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**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 constructed a new landfill (permit SW 572) from 2011 - 2012. As of December 31, 2023, 9.93 percent of the total capacity of the new site (permit SW 572) had been used. Permit SW 572 has an estimated 73 years of useful life remaining. The total estimated liability for landfill closure/postclosure costs of the two sites is as follows at December 31, 2023:

Municipal Solid Waste Landfill (SW 184)	
Estimated postclosure costs	\$539,022
Municipal Solid Waste Landfill (SW 572)	
Estimated closure/postclosure costs	147,938
	\$686,960

Remaining closure/postclosure costs for the demolition debris cell are estimated to be \$920,062 at December 31, 2023. 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, 2023, funds of \$2,784,503 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, 2023**

**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. 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 payments through a financed purchase agreement. General obligation tax increment bonds are expected to be repaid from the tax increment generated by the district properties.

Summary of General Obligation Bonds Payable as of December 31, 2023

<u>Purpose</u>	<u>Original Issue</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Balance</u>
Governmental activities				
Capital Improvement	\$3,955,000	2024-2032	2.00-4.00	\$3,060,000
Equipment Certificates	400,000	2024-2029	2.00-4.00	290,000
Improvement	2,105,000	2024-2035	3.00-5.00	1,300,000
Port Authority	7,244,860	2024-2049	0.00-5.00	6,834,320
Tax Increment	1,670,000	2029-2048	2.80-4.00	1,670,000
Total governmental activities				<u>\$13,154,320</u>
Business-type activities				
G.O. Revenue Bonds	\$5,100,000	2024-2038	2.00-5.00	<u>\$3,925,000</u>
Total general obligation bonds				<u>\$17,079,320</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>
2024	\$887,650	\$389,882	\$400,000	\$131,094
2025	927,650	365,722	425,000	116,756
2026	1,007,650	330,742	400,000	98,881
2027	1,057,650	293,143	275,000	82,081
2028	907,650	260,102	290,000	70,756
2029-2033	3,838,253	966,359	1,400,000	219,513
2034-2038	2,172,817	561,386	735,000	49,157
2039-2043	1,135,000	295,325		
2044-2048	1,080,000	114,450		
2049	140,000	2,100		
Total	<u>\$13,154,320</u>	<u>\$3,579,211</u>	<u>\$3,925,000</u>	<u>\$768,238</u>

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 5 - LONG-TERM DEBT (Continued)**

**A. General obligation bonds (Continued)**

The Fergus Falls Port Authority issued \$2,015,000 General Obligation (G.O.) Bonds, Series 2023A, dated August 17, 2023. The bonds were issued to finance the phase two improvements to the downtown riverfront corridor. The improvements included a splash pad, plaza area, continuation of the riverfront trail, and public restrooms. The City pledged its full faith and credit for payment of the bonds.

**B. Lease Liability**

<u>Purpose</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Governmental activities				
Fiber lines - Otter Tail Telcom	\$75,210	2026	3.25	\$46,582
Copier equipment (City Hall) - Marco	11,249	2025	3.25	5,280
Copier equipment (Police Dept.) - Marco	19,116	2027	3.25	15,234
Printers (City Hall/Arena) - Marco	10,821	2027	3.25	7,231
Copier equipment (Public Library) - Liberty	23,040	2028	3.75	20,211
Total governmental activities				<u>\$94,538</u>

Annual debt service requirements to maturity for lease liability are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$28,388	\$2,743
2025	28,257	1,789
2026	26,995	878
2027	9,224	227
2028	1,674	13
Total	<u>\$94,538</u>	<u>\$5,650</u>

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 5 - LONG-TERM DEBT (Continued)**

**C. Changes in long-term liabilities**

Long-term liability activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
G.O. Capital Improvement	\$3,370,000		\$310,000	\$3,060,000	\$320,000
G.O. Equipment Certificates	335,000		45,000	290,000	45,000
G.O. Sales Tax Revenue Bonds	900,000		900,000		
G.O. Improvement	1,585,000		285,000	1,300,000	285,000
Port Authority	4,984,547	2,070,183	220,410	6,834,320	237,650
Tax Increment	1,670,000			1,670,000	
Bond premium	753,466	138,471	142,449	749,488	
USDA loan payable	36,447		36,447		
Lease liability	115,909	23,040	44,411	94,538	28,388
Compensated absences	1,443,578	696,914	691,559	1,448,933	743,333
Governmental activity					
Long-term liabilities	<u>\$15,193,947</u>	<u>\$2,928,608</u>	<u>\$2,675,276</u>	<u>\$15,447,279</u>	<u>\$1,659,371</u>
Business-type activities:					
Bonds payable:					
G.O. Revenue Bonds	\$4,315,000		\$390,000	\$3,925,000	\$400,000
G.O. Revenue Bonds Premium	350,088		54,881	295,207	
Compensated absences	405,512	265,705	213,838	457,379	222,586
Liability for landfill closure/postclosure	782,338		95,378	686,960	50,000
Business-type activities					
Long-term liabilities	<u>\$5,852,938</u>	<u>\$265,705</u>	<u>\$754,097</u>	<u>\$5,364,546</u>	<u>\$672,586</u>
Component unit - PEG Access:					
Compensated absences	<u>\$9,296</u>	<u>\$4,770</u>	<u>\$2,843</u>	<u>\$11,223</u>	<u>\$4,168</u>
Component unit - FF CVB:					
Compensated absences	<u>\$373</u>	<u>\$3,871</u>		<u>\$4,244</u>	<u>\$3,416</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 \$37,769 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, 2023 there were eight issues outstanding with a total principal amount payable of \$35,278,105.

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**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, 2023, premiums for liability and property coverage totaled \$178,953 and \$240,263, 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 and Bigwood Event Center 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 liability coverage in 2023 was \$8,169.

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 \$5,000 deductible premium option for workers' compensation to minimize premium increases. The cost to the City for workers' compensation for the year ended December 31, 2023, was \$523,308.

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 2023, 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, 2023, 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, 2023**

**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, 2023 was \$1,582,324 [PERA \$670,588, PEPFF \$938,833, DCP \$3,375 and the Fergus Falls Fire Department Relief Association (\$30,472)]. The components of pension expense are noted in the following plan summaries.

The General Fund, Port Authority, Public Library, Waste Management, Liquor Store, Sewage Disposal, Water Department, and Storm Water funds typically liquidate the liability related to pensions.

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, 2023**

**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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

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, 2023**

**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 fiscal year 2023 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, 2023, were \$503,531. 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 2023 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, 2023, were \$430,473. 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, 2023**

**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, 2023, the City of Fergus Falls reported a liability of \$4,697,186 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 \$129,462.

The net pension liability was measured as of June 30, 2023, 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA’s participating employers. The City of Fergus Falls’ proportionate share was .0840 percent at the end of the measurement period and .0825 percent for the beginning of the period.

City of Fergus Falls’ proportionate share of the net pension liability	\$4,697,186
State of Minnesota’s proportionate share of the net pension liability associated with the City of Fergus Falls	129,462
Total	\$4,826,648

For the year ended December 31, 2023, the City of Fergus Falls recognized pension expense of \$670,588 for its proportionate share of the General Employee Retirement Plan’s pension expense. In addition, the City of Fergus Falls recognized an additional \$582 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, 2023**

**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, 2023, 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	\$153,595	\$31,009
Changes in actuarial assumptions	729,446	1,287,458
Net difference between projected and actual investment earnings		136,265
Changes in proportion	131,804	62,952
Contributions paid to PERA subsequent to the measurement date	252,094	
Total	\$1,266,939	\$1,517,684

The \$252,094 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, 2024. 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
2024	\$99,415
2025	(628,983)
2026	128,627
2027	(101,898)
Total	(\$502,839)

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**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, 2023, the City of Fergus Falls reported a liability of \$3,272,419 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA’s participating employers. The City of Fergus Falls’ proportionate share was .1895 percent at the end of the measurement period and .1875 percent for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that meets 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, 2022. 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. The State of Minnesota’s proportionate share of the net pension liability associated with the City of Fergus Falls totaled \$131,793.

City of Fergus Falls’ proportionate share of the net pension liability	\$3,272,419
State of Minnesota’s proportionate share of the net pension liability associated with the City of Fergus Falls	131,793
<b>Total</b>	<b>\$3,404,212</b>

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**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 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, 2023, the City of Fergus Falls recognized pension expense of \$938,833 for its proportionate share of the Police and Fire Plan’s pension expense. Included in this amount, the City of Fergus Falls recognized (\$7,938) as pension expense and grant revenue for its proportionate share of the State of Minnesota’s contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City of Fergus Falls recognized \$17,055 for the year ended December 31, 2023 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, 2023, 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	\$896,106	
Changes in actuarial assumptions	3,725,304	4,601,668
Net difference between projected and actual investment earnings		118,101
Changes in proportion	115,013	84,662
Contributions paid to PERA subsequent to the measurement date	206,600	
Total	\$4,943,023	\$4,804,431

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**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 \$206,600 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, 2024. 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
2024	\$149,753
2025	22,744
2026	762,205
2027	(205,306)
2028	(797,404)
Total	(\$68,008)

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%	

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**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 total pension liability in the June 30, 2023 actuarial valuation was determined using an individual entry–age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.00 percent. This 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 7.00 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 the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan and 1.00 percent for the Police and Fire Plan.

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 27 years of service. 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 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 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.



**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**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 following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees fund:

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.

Changes in plan provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024 was eliminated.
- A one-time, non-compounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire fund:

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate was changed from 5.40 percent to 7.00 percent.

Changes in plan provisions:

- Additional one-time direct state aid contribution of \$19.4 million will be contributed to the Plan on October 1, 2023.

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 6 – OTHER INFORMATION (Continued)**

**C. Employee retirement systems and pension plans (Continued)**

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

f. Actuarial methods and assumptions (Continued)

- The vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50.00 percent vesting after five years, increasing incrementally to 100.00 percent after 10 years.
- A one-time, non-compounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member’s occupation.
- The total and permanent duty disability benefit was increases, effective July 1, 2023.

g. Discount rate

The discount rate used to measure the total pension liability in 2023 was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Plan and the Police and Fire Plan 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 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	6.00%	\$8,309,699	6.00%	\$6,492,869
Current Discount Rate	7.00%	4,697,186	7.00%	3,272,419
1.00% Higher	8.00%	1,725,756	8.00%	624,778

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 6 – OTHER INFORMATION (Continued)**

**C. Employee retirement systems and pension plans (Continued)**

1. Defined contribution 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](http://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.

Total contributions made by the City of Fergus Falls during fiscal year 2023 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, 2023**

**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 \$5,900 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 years of active service, a member is entitled to the full \$5,900 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 \$5,900 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, 2023, the following volunteers were covered by the benefit terms:

Vested terminated and transfers	11
Active	<u>35</u>
	46

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**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 \$120,980 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, 2023, 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, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases are included at 2.50 percent and the long-term investment rate of return is 6.25 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 discount rate used to measure the total pension liability was 6.25 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.

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**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

Changes in plan provisions

The benefit level changed from \$5,850 to \$5,900 per year of active service.

Assumption changes

The discount rate changed from 5.50 percent to 6.25 percent

2. Changes in the net pension liability

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	<u>          </u>	<u>          </u>	<u>          </u>
Balances at January 1, 2022 plan year	\$2,016,679	\$3,856,845	(\$1,840,166)
Changes from the prior year:			
Service cost	\$94,275		\$94,275
Interest cost	106,380		106,380
Assumption changes	(49,286)		(49,286)
Plan changes	86,331		86,331
Non-employer contributions		111,648	(111,648)
Projected investment return		205,295	(205,295)
Gain or loss	(80,018)	(859,836)	779,818
Benefit payments	(353,559)	(353,559)	
Administrative expenses		(6,501)	6,501
Total net changes	<u>(\$195,877)</u>	<u>(\$902,953)</u>	<u>\$707,076</u>
Balances at December 31, 2022 plan year	<u>\$1,820,802</u>	<u>\$2,953,892</u>	<u>(\$1,133,090)</u>

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**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)

3. 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 6.25 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 (5.25 percent) or 1 percentage point higher (7.25 percent) than the current rate:

	1% Decrease (5.25%)	Current Rate (6.25%)	1% Increase (7.25%)
City's net pension liability/(asset)	(\$1,063,601)	(\$1,133,090)	(\$1,199,898)
	(\$1,063,601)	(\$1,133,090)	(\$1,199,898)

4. 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, 2023, the City recognized pension expense of (\$30,472). At December 31, 2023, 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	\$124,980	
Investment losses	343,172	
Liability gains		115,138
Assumption changes		54,405
Total deferred outflows/inflows of resources	\$468,152	\$169,543

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**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)

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

The \$124,980 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	
2024	(\$44,368)
2025	39,613
2026	103,079
2027	154,262
2028	(17,702)
Thereafter	<u>(61,255)</u>
Total	<u><u>\$173,629</u></u>

g. Payable to the pension plan

At December 31, 2023, 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 two health insurance plans.

One health insurance plan is a Comprehensive Major Medical (CMM) Plan with 70.00 percent coverage limits. The 70.00 percent CMM Plan is a \$500 and \$1,000 deductible plan for single and family coverage, respectively.

The other health insurance plan is a \$3,250/\$6,500 high deductible health plan with an HSA. The employer contributes \$500 annually to the HSA.



**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 6 – OTHER INFORMATION (Continued)**

**D. Other employee benefits (Continued)**

Expenditures for health insurance premiums recognized in the various funds for the year ended December 31, 2023, totaled \$1,987,276.

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, 2023, totaled \$10,703.

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 2023, the City had the following participation:

	No. Employees Who Elected Benefit	Total Dollar Amount Reclassified
Health Insurance premiums	18	\$70,746
Variable expenses:		
Dependent care assistance (DCA)	4	13,100
Out-of-pocket (Health FSA)	22	40,275
Total Election		\$124,121

**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.

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 6 – OTHER INFORMATION (Continued)**

**E. Postemployment healthcare plan (Continued)**

2. Benefits provided

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

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 2023, the city contributed \$37,609 to the plan.

4. Members

As of January 1, 2023, there were approximately 124 active employees and 5 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, 2023 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	4.00 percent
20-year municipal bond yield	4.00 percent
Salary increases	Based on PERA experience studies
Inflation	2.50 percent
Medical trend rate	6.50 percent as of January 1, 2023, grading to 5.00 percent over 6 years and then to 4.00 percent over the next 48 years
Mortality assumption	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2022 – December 31, 2022.

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 6 – OTHER INFORMATION (Continued)**

**E. Postemployment healthcare plan (Continued)**

6. Total OPEB Liability

The City’s total OPEB liability of \$573,392 was measured as of January 1, 2023 and was determined by an actuarial valuation as of January 1, 2023.

Changes in the total OPEB liability are as follows:

	<u>Total OPEB Liability</u>
Balances at January 1, 2023	<u>\$734,046</u>
Changes for the year	
Service cost	38,553
Interest cost	15,045
Assumption changes	(72,356)
Plan changes	12,534
Differences between expected and actual experience	(113,570)
Benefit payments	<u>(40,860)</u>
Net changes	<u>(160,654)</u>
Balances at December 31, 2023	<u><u>\$573,392</u></u>

Benefit Changes:

- For fiscal year ending December 31, 2022: An early retirement incentive was offered to one employee that requires the City to pay for their medical premiums through April 30, 2023.
- None for the fiscal year ending December 31, 2023.

Assumption Changes:

- For the fiscal year ending December 31, 2023:
  - The health care trend rates and mortality tables were updated.
  - The retirement, withdrawal, and salary increase rates for public employees were updated.
  - The inflation rate was changed from 2.00 percent to 2.50 percent.
  - The discount rate was changed from 2.00 percent to 4.00 percent.

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 6 – OTHER INFORMATION (Continued)**

**E. Postemployment healthcare plan (Continued)**

7. OPEB Liability Sensitivity

The following presents the City’s total OPEB liability calculated using the discount rate of 4.00 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 (3.00 percent)	Current (4.00 percent)	1.00 percent increase (5.00 percent)
\$617,782	\$573,392	\$532,071

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)
\$514,786	\$573,392	\$642,371

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

For the year ended December 31, 2023, the City recognized OPEB expense of \$21,633. At December 31, 2023, 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, 2023**

**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	\$37,609	
Liability gains		206,848
Liability losses	11,498	
Assumption changes	<u>25,961</u>	<u>67,625</u>
Total	<u>\$75,068</u>	<u>\$274,473</u>

The \$37,609 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, 2024. 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>
2024	(\$44,501)
2025	(44,504)
2026	(47,448)
2027	(47,445)
2028	(26,562)
2029	<u>(26,554)</u>
Total	<u><u>(\$237,014)</u></u>

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**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. Phase 2 deconstruction was complete as of December 31, 2020. A project stabilizing the building envelope was completed in 2023. The City is open to 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 in 2020 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 \$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, 2023**

**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 is used to operate chemical dependency and mental health services. The tax abatement levy began in 2021 and is 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 tax abatement agreement was assigned to NBH Fergus Falls, LLC on March 20, 2023.

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 is used for a large scale, multi-specialty dental facility. 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.

The City is offering a tax rebate program (tax abatement) to incentivize construction of new single-family or two-family residences. The program runs through December 31, 2024. The City will rebate 100 percent of the City property taxes for up to 5 years or \$5,000, whichever comes first.

**H. Tax increment financing**

The City has entered into six 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 five agreements, 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.

The City established Tax Increment Financing District 4-14 to finance the installation of infrastructure for a new housing development. During 2022 the City issued General Obligation Tax Increment Revenue Bonds, Series 2022A and will apply the future tax increments to the payment of the bonds.

During the year ended December 31, 2023, the City generated \$127,010 in tax increment from the Tax Increment districts and made \$120,808 in payments to the developers.

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 6 – OTHER INFORMATION (Continued)**

**I. Subsequent event**

During April 2024, the City entered into a purchase agreement in the amount of \$950,000 for the purchase of property located at 810 Stanton Avenue West. The City was also awarded a grant from the State of Minnesota in the amount of \$640,000 to be used toward the purchase of this property. The City also accepted a letter of intent from a developer for the purchase from the City and construction of a 60-unit, multi-housing project to be located on the site.



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# **REQUIRED SUPPLEMENTARY INFORMATION**

**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>
<b>Total OPEB Liability</b>			
Service cost	\$43,116	\$38,498	\$39,653
Interest cost	24,726	25,624	31,189
Assumption changes		(19,627)	
Plan changes			
Differences between expected and actual experience		40,253	
Benefit payments	<u>(34,114)</u>	<u>(37,980)</u>	<u>(45,352)</u>
Net change in total OPEB liability	<u>\$33,728</u>	<u>\$46,768</u>	<u>\$25,490</u>
Beginning of year	<u>\$723,086</u>	<u>\$756,814</u>	<u>\$803,582</u>
End of year	<u><u>\$756,814</u></u>	<u><u>\$803,582</u></u>	<u><u>\$829,072</u></u>
Covered-employee payroll	\$7,585,733	\$7,894,102	\$8,130,925
Total OPEB liability as a percentage of covered-employee payroll	9.98%	10.18%	10.20%

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.

<u>12/31/2021</u>	<u>12/31/2022</u>	<u>12/31/2023</u>
\$48,484	\$49,939	\$38,553
32,300	14,894	15,045
45,435		(72,356)
11,935		12,534
(191,634)		(113,570)
<u>(55,611)</u>	<u>(50,768)</u>	<u>(40,860)</u>
<u>(\$109,091)</u>	<u>\$14,065</u>	<u>(\$160,654)</u>
<u>\$829,072</u>	<u>\$719,981</u>	<u>\$734,046</u>
<u><u>\$719,981</u></u>	<u><u>\$734,046</u></u>	<u><u>\$573,392</u></u>
\$7,674,286	\$7,904,915	\$8,599,672
9.38%	9.29%	6.67%

**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**

<u>For Fiscal Year Ended June 30,</u>	<u>City's Proportion of the Net Pension Liability (Asset)</u>	<u>City's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>State's Proportionate Share of the Net Pension Liability Associated with the City</u>	<u>City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City</u>	<u>City's Covered Payroll</u>	<u>City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
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%
2022	0.0825%	6,534,027	191,516	6,725,543	6,179,987	105.73%	76.70%
2023	0.0840%	4,697,186	129,462	4,826,648	6,680,813	70.31%	83.10%

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

<u>For Fiscal Year Ended June 30,</u>	<u>City's Proportion of the Net Pension Liability (Asset)</u>	<u>City's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>State's Proportionate Share of the Net Pension Liability Associated with the City</u>	<u>City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City</u>	<u>City's Covered Payroll</u>	<u>City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
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%
2022	0.1875%	8,159,259	356,458	8,515,717	2,278,203	358.14%	70.50%
2023	0.1895%	3,272,419	131,793	3,404,212	2,488,158	131.52%	86.50%

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**

<b>Fiscal Year Ending December 31,</b>	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to the Statutorily Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>City's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
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%
2022	473,625	473,625		6,315,000	7.50%
2023	503,531	503,531		6,713,747	7.50%

**Schedule of City Contributions**  
**Public Employees Police and Fire Plan**  
**Last Ten Years**

<b>Fiscal Year Ending December 31,</b>	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to the Statutorily Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>City's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
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%
2022	412,554	412,554		2,330,814	17.70%
2023	430,473	430,473		2,432,052	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>
<b>Total Pension Liability (TPL)</b>			
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
<b>Plan Fiduciary Net Pension (FNP)</b>			
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
<b>Net Pension Liability (NPL)</b>	<u><u>(\$714,947)</u></u>	<u><u>(\$644,797)</u></u>	<u><u>(\$870,386)</u></u>
<b>FNP as a percentage of the TPL</b>	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 12/31/2017	Measurement Date 12/31/2018	Measurement Date 12/31/2019	Measurement Date 12/31/2020	Measurement Date 12/31/2021	Measurement Date 12/31/2022
\$73,867	\$79,156	\$85,297	\$91,890	\$91,976	\$94,275
83,169	79,126	80,407	91,689	105,135	106,380
					(49,286)
66,621	68,603	64,905	98,206		86,331
	(50,879)		(5,306)		(80,018)
(287,183)	(317,708)		(64,173)		(353,559)
<u>(\$63,526)</u>	<u>(\$141,702)</u>	<u>\$230,609</u>	<u>\$212,306</u>	<u>\$197,111</u>	<u>(\$195,877)</u>
<u>\$1,581,881</u>	<u>\$1,518,355</u>	<u>\$1,376,653</u>	<u>\$1,607,262</u>	<u>\$1,819,568</u>	<u>\$2,016,679</u>
\$1,518,355	\$1,376,653	\$1,607,262	\$1,819,568	\$2,016,679	\$1,820,802
\$93,829	\$94,564	\$102,267	\$100,962	\$106,280	\$111,648
129,401	134,201	127,557	155,649	185,187	205,295
172,352	(186,802)	321,023	317,320	255,943	(859,836)
(287,183)	(317,708)		(64,173)		(353,559)
(5,680)	(6,780)	(8,736)	(5,970)	(8,925)	(6,501)
<u>\$102,719</u>	<u>(\$282,525)</u>	<u>\$542,111</u>	<u>\$503,788</u>	<u>\$538,485</u>	<u>(\$902,953)</u>
<u>\$2,452,267</u>	<u>\$2,554,986</u>	<u>\$2,272,461</u>	<u>\$2,814,572</u>	<u>\$3,318,360</u>	<u>\$3,856,845</u>
\$2,554,986	\$2,272,461	\$2,814,572	\$3,318,360	\$3,856,845	\$2,953,892
<u>(\$1,036,631)</u>	<u>(\$895,808)</u>	<u>(\$1,207,310)</u>	<u>(\$1,498,792)</u>	<u>(\$1,840,166)</u>	<u>(\$1,133,090)</u>
168.27%	165.07%	175.12%	182.37%	191.25%	162.23%



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

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

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>	<u>12/31/2022</u>	<u>12/31/2023</u>
\$0	\$0	\$0	\$0	\$0	\$0
<u>\$0</u>	<u>\$0</u>	<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>	<u>\$110,648</u>	<u>\$124,980</u>

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Required Supplementary Information**

**GENERAL EMPLOYEES FUND**

**2023 Changes**

The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent

Changes in Plan Provisions

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

**2022 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**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.

Changes in Plan Provisions

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

**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.

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Required Supplementary Information**

- 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.

**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.
- Annual 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.

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Required Supplementary Information**

- 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.

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.

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Required Supplementary Information**

**POLICE AND FIRE FUND**

**2023 Changes**

**Changes in Actuarial Assumptions**

- The investment return assumption was changed from 6.5 percent to 7.00 percent.
- The single discount rate changed from 5.4 percent to 7.0 percent.

**Changes in Plan Provisions**

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

**2022 Changes**

**Changes in Actuarial Assumptions**

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

**Changes in Plan Provisions**

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

**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.
- 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.

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Required Supplementary Information**

- 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 morality 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

- Annual 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.
- 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.

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Required Supplementary Information**

- 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.

**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.



**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Required Supplementary Information**

**VOLUNTEER FIRE FIGHTER'S RELIEF ASSOCIATION**

**2023 Changes**

Changes in Plan Provisions

- The benefit level changed from \$5,850 to \$5,900 per year of active service.

Changes in Actuarial Assumptions

- The discount rate changed from 5.50 percent to 6.25 percent.

**2022 Changes**

Changes in Plan Provisions

- The benefit level changed from \$5,500 to \$5,850 per year of active service.

**2021 Changes**

Changes in Plan Provisions

- The benefit level changed from \$5,150 to \$5,500 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.

**2023 Changes**

Benefit Changes

- For the fiscal year ending December 31, 2022: An Early Retirement Incentive was offered to one employee that requires the city to pay for their medical premiums through April 30, 2023

Changes in Actuarial Assumptions

- The health care trend rates and mortality tables were updated.
- The retirement, withdrawal, and salary increase rates for public safety employees were updated.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%

**2022 Changes**

None

**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.

**CITY OF FERGUS FALLS, MINNESOTA**  
**Notes to Required Supplementary Information**

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.

**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).

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# **COMBINING AND INDIVIDUAL FUNDS**

**CITY OF FERGUS FALLS, MINNESOTA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2023**

	<u>Special Revenue</u>		
	<u>Public Library</u>	<u>Bigwood Event Center</u>	<u>Revolving Loan</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$652,441	\$73,490	\$545,142
Restricted cash - customer deposits		12,600	
Investments	350,000		1,400,000
Receivables:			
Taxes	26,150		
Notes and contracts			2,217,114
Intergovernmental	23,346		
Other	9,636	24,206	713,269
Due from other funds		83,713	
Inventories		2,200	
Prepaid items	5,379		
	<u>5,379</u>		
Total assets	<u>\$1,066,952</u>	<u>\$196,209</u>	<u>\$4,875,525</u>
<b>LIABILITIES</b>			
Accounts payable	\$21,456	\$57,180	\$6,725
Accrued salaries payable	13,532	1,736	402
Retainage payable			
Intergovernmental payable		12	
Due to other funds	1,890	155	45
Advances from other funds			
Interest payable			
Unearned revenue	5,000		
Customer deposits		12,600	
		<u>12,600</u>	
Total liabilities	<u>\$41,878</u>	<u>\$71,683</u>	<u>\$7,172</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property tax	\$21,008		
	<u>\$21,008</u>		
<b>FUND BALANCES</b>			
Nonspendable	\$5,379	\$2,200	
Restricted	427,737		2,919,626
Committed		76,397	
Assigned	570,950	45,929	1,948,727
	<u>570,950</u>	<u>45,929</u>	<u>1,948,727</u>
Total fund balances	<u>\$1,004,066</u>	<u>\$124,526</u>	<u>\$4,868,353</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$1,066,952</u>	<u>\$196,209</u>	<u>\$4,875,525</u>

**Special Revenue**

<b>Port Authority Tax Increment Districts</b>	<b>Tax Increment Districts</b>	<b>Tax Abatement</b>	<b>Park Projects Sales Tax</b>	<b>Total</b>
\$37,556	\$65,221 4,658	\$183,036	\$94,838	\$1,651,724 17,258 1,750,000
		3,261	347,906	377,317 2,217,114 23,346
141	1,462	687	356	749,757 83,713 2,200 5,379
<u>\$37,697</u>	<u>\$71,341</u>	<u>\$186,984</u>	<u>\$443,100</u>	<u>\$6,877,808</u>
	\$5,600	\$114		\$91,075 15,670
	279		23,676	23,688 2,369
	4,658			5,000 17,258
	<u>\$10,537</u>	<u>\$114</u>	<u>\$23,676</u>	<u>\$155,060</u>
		\$2,600		\$23,608
37,697	60,804	184,270	419,424	\$7,579 3,865,288 260,667 2,565,606
<u>\$37,697</u>	<u>\$60,804</u>	<u>\$184,270</u>	<u>\$419,424</u>	<u>\$6,699,140</u>
<u>\$37,697</u>	<u>\$71,341</u>	<u>\$186,984</u>	<u>\$443,100</u>	<u>\$6,877,808</u> (Continued)

**CITY OF FERGUS FALLS, MINNESOTA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2023**

	Debt Service			
	Permanent Improvement Revolving	G.O. Capital Improvement 2010A	G.O. Capital Improvement 2012C	G.O. Equip. Certificates 2020A
<b>ASSETS</b>				
Cash and cash equivalents	\$1,595	\$1,267	\$24,641	\$5,313
Restricted cash - customer deposits				
Investments				
Receivables:				
Taxes		1,866	10,488	1,712
Notes and contracts				
Intergovernmental				
Other	6	6	92	19
Due from other funds				
Inventories				
Prepaid items				
Total assets	\$1,601	\$3,139	\$35,221	\$7,044
<b>LIABILITIES</b>				
Accounts payable				
Accrued salaries payable				
Retainage payable				
Intergovernmental payable				
Due to other funds				
Advances from other funds				
Interest payable				
Unearned revenue				
Customer deposits				
Total liabilities				
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property tax		\$1,502	\$8,437	\$1,367
<b>FUND BALANCES</b>				
Nonspendable				
Restricted	1,601	1,637	26,784	5,677
Committed				
Assigned				
Total fund balances	\$1,601	\$1,637	\$26,784	\$5,677
Total liabilities, deferred inflows of resources, and fund balances	\$1,601	\$3,139	\$35,221	\$7,044

(Continued)

**Debt Service**

<b>G.O. Port Authority 2020A</b>	<b>G.O. Port Authority 2020B</b>	<b>G.O. Port Authority 2021A</b>	<b>G.O. Tax Increment 2022A</b>	<b>Total</b>
\$733	\$793	\$112,101	\$91,945	\$238,388
		3,311		17,377
3	3	421	345	895
<u>\$736</u>	<u>\$796</u>	<u>\$115,833</u>	<u>\$92,290</u>	<u>\$256,660</u>
		\$2,636		\$13,942
736	796	113,197	92,290	242,718
<u>\$736</u>	<u>\$796</u>	<u>\$113,197</u>	<u>\$92,290</u>	<u>\$242,718</u>
<u>\$736</u>	<u>\$796</u>	<u>\$115,833</u>	<u>\$92,290</u>	<u>\$256,660</u>

(Continued)



**CITY OF FERGUS FALLS, MINNESOTA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2023**

	<u>Capital Projects</u>			<u>Permanent Funds</u>		
	<u>Parks Improvement</u>	<u>Airport Capital Improvement</u>	<u>Total</u>	<u>John B. Renny Library Trust</u>	<u>George Oakes Welch Library Trust</u>	<u>Phebe Lyon Welch Library Trust</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$20,372		\$20,372	\$1,752	\$2,674	\$3,482
Restricted cash - customer deposits						
Investments						
Receivables:						
Taxes		1,238	1,238			
Notes and contracts						
Intergovernmental		1,209,435	1,209,435			
Other	76		76	6	10	13
Due from other funds		218,845	218,845			
Inventories						
Prepaid items						
<b>Total assets</b>	<b>\$20,448</b>	<b>\$1,429,518</b>	<b>\$1,449,966</b>	<b>\$1,758</b>	<b>\$2,684</b>	<b>\$3,495</b>
<b>LIABILITIES</b>						
Accounts payable		\$345,298	\$345,298			
Accrued salaries payable						
Retainage payable		37,041	37,041			
Intergovernmental payable						
Due to other funds		795,952	795,952			
Advances from other funds						
Interest payable		2,988	2,988			
Unearned revenue						
Customer deposits						
<b>Total liabilities</b>		<b>\$1,181,279</b>	<b>\$1,181,279</b>			
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property tax		\$995	\$995			
<b>FUND BALANCES</b>						
Nonspendable				\$531	\$885	\$885
Restricted	5,702		5,702	1,227	1,799	2,610
Committed		247,244	247,244			
Assigned	14,746		14,746			
<b>Total fund balances</b>	<b>\$20,448</b>	<b>\$247,244</b>	<b>\$267,692</b>	<b>\$1,758</b>	<b>\$2,684</b>	<b>\$3,495</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$20,448</b>	<b>\$1,429,518</b>	<b>\$1,449,966</b>	<b>\$1,758</b>	<b>\$2,684</b>	<b>\$3,495</b>

(Continued)

<b>Permanent Funds</b>				
<b>Wheelock Memorial Library Trust</b>	<b>Hilma L. Lundeen Memorial Library Trust</b>	<b>Marguerite R. Patterson Memorial Library Trust</b>	<b>Total</b>	<b>Total Nonmajor Funds</b>
\$4,191	\$3,907	\$30,798	\$46,804	\$1,957,288 17,258 1,750,000
				395,932 2,217,114 1,232,781
16	15	116	176	750,904 302,558 2,200 5,379
<u>\$4,207</u>	<u>\$3,922</u>	<u>\$30,914</u>	<u>\$46,980</u>	<u>\$8,631,414</u>
				\$436,373 15,670 37,041 23,688 798,321
				2,988 5,000 17,258
				<u>\$1,336,339</u>
				<u>\$38,545</u>
\$1,000 3,207	\$1,000 2,922	\$10,000 20,914	\$14,301 32,679	\$21,880 4,146,387 507,911 2,580,352
<u>\$4,207</u>	<u>\$3,922</u>	<u>\$30,914</u>	<u>\$46,980</u>	<u>\$7,256,530</u>
<u>\$4,207</u>	<u>\$3,922</u>	<u>\$30,914</u>	<u>\$46,980</u>	<u>\$8,631,414</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, 2023**

	<b>Special Revenue</b>		
	<b>Public Library</b>	<b>Bigwood Event Center</b>	<b>Revolving Loan</b>
<b>REVENUES</b>			
Taxes	\$853,523		
Intergovernmental	95,122		69,736
Charges for services	8,684	92,154	5,517
Fines and forfeits	6,337		
Contributions	48,117		
Investment earnings	50,607	4,221	92,961
Other interest income			61,380
Rent		107,800	
Other	9,727	220	6,018
	<u>\$1,072,117</u>	<u>\$204,395</u>	<u>\$235,612</u>
<b>EXPENDITURES</b>			
Current:			
Airport			
Culture and recreation	880,975	283,525	
Community development			29,529
Economic development			76,642
Debt service:			
Principal	2,829		36,242
Interest	545		364
Other			
Capital outlay	134,608	83,713	
	<u>\$1,018,957</u>	<u>\$367,238</u>	<u>\$142,777</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$53,160</u>	<u>(\$162,843)</u>	<u>\$92,835</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$395,681	\$168,963	
Transfers (out)	(736,530)	(3,396)	
Proceeds from lease issuance	23,040		
Total other financing sources and (uses)	<u>(\$317,809)</u>	<u>\$165,567</u>	
Net change in fund balances	(\$264,649)	\$2,724	\$92,835
Fund balances - beginning	<u>1,268,715</u>	<u>121,802</u>	<u>4,775,518</u>
Fund balances - ending	<u>\$1,004,066</u>	<u>\$124,526</u>	<u>\$4,868,353</u>

**Special Revenue**

<b>Port Authority Tax Increment Districts</b>	<b>Tax Increment Districts</b>	<b>Tax Abatement</b>	<b>Park Projects Sales Tax</b>	<b>Total</b>
	\$127,010	\$112,173	\$440,906	\$1,533,612
	22,659	17		164,875
				129,014
				6,337
				48,117
1,818	3,780	10,945	2,194	166,526
				61,380
				107,800
				15,965
<b>\$1,818</b>	<b>\$153,449</b>	<b>\$123,135</b>	<b>\$443,100</b>	<b>\$2,233,626</b>
			23,676	1,188,176
		42,535		72,064
	148,530	59,331		284,503
				39,071
				909
				218,321
	<b>\$148,530</b>	<b>\$101,866</b>	<b>\$23,676</b>	<b>\$1,803,044</b>
<b>\$1,818</b>	<b>\$4,919</b>	<b>\$21,269</b>	<b>\$419,424</b>	<b>\$430,582</b>
	\$2,000			\$566,644
(2,000)				(741,926)
				23,040
<b>(\$2,000)</b>	<b>\$2,000</b>			<b>(\$152,242)</b>
(\$182)	\$6,919	\$21,269	\$419,424	\$278,340
37,879	53,885	163,001		6,420,800
<b>\$37,697</b>	<b>\$60,804</b>	<b>\$184,270</b>	<b>\$419,424</b>	<b>\$6,699,140</b>

(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, 2023**

**Debt Service**

	<b>Permanent Improvement Revolving</b>	<b>G.O. Capital Improvement 2010A</b>	<b>G.O. Capital Improvement 2012C</b>	<b>G.O. Sales Tax Revenue 2017A</b>	<b>G.O. Equipment Certificates 2020A</b>
<b>REVENUES</b>					
Taxes		\$59,937	\$337,575		\$58,150
Intergovernmental		9	52		9
Charges for services					
Fines and forfeits					
Contributions					
Investment earnings	(2,210)	(407)	(1,321)	124	(222)
Other interest income					
Rent					
Other					
Total revenues	(\$2,210)	\$59,539	\$336,306	\$124	\$57,937
<b>EXPENDITURES</b>					
Current:					
Airport					
Culture and recreation				3,141	
Community development					
Economic development					
Debt service:					
Principal	285,000	50,000	260,000	900,000	45,000
Interest	54,725	11,600	82,500	36,000	10,500
Other	990				11
Capital outlay					
Total expenditures	\$340,715	\$61,600	\$342,500	\$939,141	\$55,511
Excess (deficiency) of revenues over (under) expenditures	(\$342,925)	(\$2,061)	(\$6,194)	(\$939,017)	\$2,426
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$342,175			\$730,000	
Transfers (out)	(235)			(779,175)	
Proceeds from lease issuance					
Total other financing sources and (uses)	\$341,940			(\$49,175)	
Net change in fund balances	(\$985)	(\$2,061)	(\$6,194)	(\$988,192)	\$2,426
Fund balances - beginning	2,586	3,698	32,978	988,192	3,251
Fund balances - ending	\$1,601	\$1,637	\$26,784	\$1,000	\$5,677

(Continued)

<b>Debt Service</b>				
<b>G.O. Port Authority 2020A</b>	<b>G.O. Port Authority 2020B</b>	<b>G.O. Port Authority 2021A</b>	<b>G.O. Tax Increment 2022A</b>	<b>Total</b>
		\$114,445 18		\$570,107 88
(136)	116	3,684	5,191	4,819
(\$136)	\$116	\$118,147	\$5,191	\$575,014
				3,141
42,682 10,670	32,671	85,000 16,553 495	57,910 495	1,700,353 280,458 1,991
\$53,352	\$32,671	\$102,048	\$58,405	\$1,985,943
(\$53,488)	(\$32,555)	\$16,099	(\$53,214)	(\$1,410,929)
\$54,122	\$32,671			\$1,158,968 (779,410)
\$54,122	\$32,671			\$379,558
\$634	\$116	\$16,099	(\$53,214)	(\$1,031,371)
102	680	97,098	145,504	1,274,089
\$736	\$796	\$113,197	\$92,290	\$242,718

(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, 2023**

	<u>Capital Projects</u>			<u>Permanent Funds</u>		
	<u>Parks Improvement</u>	<u>Airport Capital Improvement</u>	<u>Total</u>	<u>John B. Renny Library Trust</u>	<u>George Oakes Welch Library Trust</u>	<u>Phebe Lyon Welch Library Trust</u>
<b>REVENUES</b>						
Taxes		\$39,946	\$39,946			
Intergovernmental		1,032,392	1,032,392			
Charges for services						
Fines and forfeits						
Contributions						
Investment earnings	967	(26,235)	(25,268)	83	127	166
Other interest income						
Rent						
Other						
Total revenues	<u>\$967</u>	<u>\$1,046,103</u>	<u>\$1,047,070</u>	<u>\$83</u>	<u>\$127</u>	<u>\$166</u>
<b>EXPENDITURES</b>						
Current:						
Airport		\$597,659	\$597,659			
Culture and recreation						
Community development						
Economic development						
Debt service:						
Principal						
Interest						
Other						
Capital outlay		695,473	695,473			
Total expenditures		<u>\$1,293,132</u>	<u>\$1,293,132</u>			
Excess (deficiency) of revenues over (under) expenditures	<u>\$967</u>	<u>(\$247,029)</u>	<u>(\$246,062)</u>	<u>\$83</u>	<u>\$127</u>	<u>\$166</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in		\$218,845	218,845			
Transfers (out)						
Proceeds from lease issuance						
Total other financing sources and (uses)		<u>\$218,845</u>	<u>\$218,845</u>			
Net change in fund balances	\$967	(\$28,184)	(\$27,217)	\$83	\$127	\$166
Fund balances - beginning	19,481	275,428	294,909	1,675	2,557	3,329
Fund balances - ending	<u>\$20,448</u>	<u>\$247,244</u>	<u>\$267,692</u>	<u>\$1,758</u>	<u>\$2,684</u>	<u>\$3,495</u>

(Continued)

<b>Permanent Funds</b>				
<b>Wheelock Memorial Library Trust</b>	<b>Hilma L. Lundeen Memorial Library Trust</b>	<b>Marguerite R. Patterson Memorial Library Trust</b>	<b>Total</b>	<b>Total Nonmajor Funds</b>
				\$2,143,665
				1,197,355
				129,014
				6,337
				48,117
199	185	1,463	2,223	148,300
				61,380
				107,800
				15,965
<u>\$199</u>	<u>\$185</u>	<u>\$1,463</u>	<u>\$2,223</u>	<u>\$3,857,933</u>
				\$597,659
				1,191,317
				72,064
				284,503
				1,739,424
				281,367
				1,991
				913,794
				<u>\$5,082,119</u>
<u>\$199</u>	<u>\$185</u>	<u>\$1,463</u>	<u>\$2,223</u>	<u>(\$1,224,186)</u>
				\$1,944,457
				(1,521,336)
				23,040
				<u>\$446,161</u>
\$199	\$185	\$1,463	\$2,223	(\$778,025)
4,008	3,737	29,451	44,757	8,034,555
<u>\$4,207</u>	<u>\$3,922</u>	<u>\$30,914</u>	<u>\$46,980</u>	<u>\$7,256,530</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, 2023**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes:				
General property tax	\$5,936,350	\$5,936,350	\$5,843,191	(\$93,159)
Lodging tax	140,000	140,000	169,797	29,797
Mobile home tax	4,800	4,800	6,913	2,113
Penalties and interest on taxes	4,000	4,000	6,851	2,851
Total taxes	<u>\$6,085,150</u>	<u>\$6,085,150</u>	<u>\$6,026,752</u>	<u>(\$58,398)</u>
Licenses and permits	222,960	222,960	266,968	44,008
Intergovernmental:				
Federal	\$22,000	\$100,000	\$196,652	\$96,652
State	4,334,448	4,424,914	5,366,326	941,412
Other	93,600	93,600	117,449	23,849
Total intergovernmental	<u>\$4,450,048</u>	<u>\$4,618,514</u>	<u>\$5,680,427</u>	<u>\$1,061,913</u>
Charges for services	973,956	973,956	1,170,920	196,964
Fines and forfeits	59,500	67,772	75,705	7,933
Contributions	5,000	64,500	75,248	10,748
Investment earnings	200,000	200,000	596,739	396,739
Other interest income	2,000	2,000		(2,000)
Rent	46,500	46,500	74,810	28,310
Other	50,000	50,000	49,355	(645)
Total revenues	<u>\$12,095,114</u>	<u>\$12,331,352</u>	<u>\$14,016,924</u>	<u>\$1,685,572</u>
<b>EXPENDITURES</b>				
General government:				
City council	\$73,744	\$73,744	\$78,973	\$5,229
Ordinances and proceedings	4,500	4,500	2,049	(2,451)
Mayor	15,230	15,230	14,680	(550)
Communications	167,129	167,129	141,450	(25,679)
City administrator	340,553	340,553	339,465	(1,088)
Finance	371,417	371,417	364,448	(6,969)
Investment management	87,900	87,900	71,942	(15,958)
Data processing	545,844	598,983	525,828	(73,155)
Legal	206,754	206,754	204,689	(2,065)
Human resources	304,949	304,949	303,399	(1,550)
Wellness program		2,366	431	(1,935)
Planning, zoning, and GIS	154,071	154,071	163,369	9,298
Cable television	100,147	100,147	100,131	(16)
Annexation	2,126	2,126	3,843	1,717
General government buildings	256,355	256,355	282,489	26,134
Other	106,618	226,664	102,727	(123,937)
Total general government	<u>\$2,737,337</u>	<u>\$2,912,888</u>	<u>\$2,699,913</u>	<u>(\$212,975)</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, 2023**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
Public safety:				
Police department	\$4,369,063	\$4,296,318	\$4,292,203	(\$4,115)
Emergency management	14,403	14,403	7,526	(6,877)
Fire department	824,649	856,285	849,156	(7,129)
Building inspection	149,568	149,568	144,967	(4,601)
Property abatement	12,321	12,321	824	(11,497)
Rental registration	70,862	70,862	68,079	(2,783)
Total public safety	<u>\$5,440,866</u>	<u>\$5,399,757</u>	<u>\$5,362,755</u>	<u>(\$37,002)</u>
Streets and highways:				
Engineering	\$168,391	\$168,391	\$153,110	(\$15,281)
Supervision and general	43,194	43,194	42,020	(1,174)
Street maintenance	1,472,568	1,486,710	1,287,150	(199,560)
Ice and snow removal	612,617	656,432	551,204	(105,228)
Street lighting	292,840	292,840	268,741	(24,099)
Traffic signs and markings	119,714	119,714	103,560	(16,154)
Transit	50,073	50,073	50,056	(17)
Parking lots	22,713	22,713	11,309	(11,404)
Total streets and highways	<u>\$2,782,110</u>	<u>\$2,840,067</u>	<u>\$2,467,150</u>	<u>(\$372,917)</u>
Sanitation:				
Animal and weed control	\$52,192	\$52,192	\$57,333	\$5,141
Airport:				
Airport and grounds	\$215,993	\$215,993	\$222,504	\$6,511
Culture and recreation:				
Recreation	\$850,865	\$850,865	\$1,074,466	\$223,601
Parks	782,196	785,162	915,288	130,126
Forestry and nursery	275,874	281,756	268,192	(13,564)
Senior citizens	98,552	98,552	91,964	(6,588)
Total culture and recreation	<u>\$2,007,487</u>	<u>\$2,016,335</u>	<u>\$2,349,910</u>	<u>\$333,575</u>
Community development:				
Community events	\$6,689	\$6,689	\$12,631	\$5,942
Community development department	115,513	118,013	115,545	(2,468)
Other	176,702	176,702	207,167	30,465
Total community development	<u>\$298,904</u>	<u>\$301,404</u>	<u>\$335,343</u>	<u>\$33,939</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, 2023**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
Economic development:				
Greater Fergus Falls	\$50,073	\$50,073	\$50,056	(\$17)
Regional Treatment Center			11,264	11,264
Other		41,414	41,468	54
Total economic development	<u>\$50,073</u>	<u>\$91,487</u>	<u>\$102,788</u>	<u>\$11,301</u>
Debt service:				
Principal			\$22,849	\$22,849
Interest	1,422	1,422	4,049	2,627
Total debt service	<u>\$1,422</u>	<u>\$1,422</u>	<u>\$26,898</u>	<u>\$25,476</u>
Capital outlay	<u>\$439,125</u>	<u>\$2,276,032</u>	<u>\$698,329</u>	<u>(\$1,577,703)</u>
Total expenditures	<u>\$14,025,509</u>	<u>\$16,107,577</u>	<u>\$14,322,923</u>	<u>(\$1,784,654)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(\$1,930,395)</u>	<u>(\$3,776,225)</u>	<u>(\$305,999)</u>	<u>\$3,470,226</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$1,887,245	\$1,897,470	\$2,726,645	\$829,175
Transfers (out)	<u>(110,500)</u>	<u>(770,500)</u>	<u>(1,041,993)</u>	<u>(271,493)</u>
Total other financing sources and (uses)	<u>\$1,776,745</u>	<u>\$1,126,970</u>	<u>\$1,684,652</u>	<u>\$557,682</u>
Net change in fund balances	<u><u>(\$153,650)</u></u>	<u><u>(\$2,649,255)</u></u>	<u>\$1,378,653</u>	<u><u>\$4,027,908</u></u>
Fund balance - beginning			<u>8,684,592</u>	
Fund balance - ending			<u><u>\$10,063,245</u></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, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
General property tax	\$865,000	\$865,000	\$852,496	(\$12,504)
Mobile home tax	750	750	1,027	277
Total taxes	<u>\$865,750</u>	<u>\$865,750</u>	<u>\$853,523</u>	<u>(\$12,227)</u>
Intergovernmental	95,130	98,958	95,122	(3,836)
Charges for services	5,800	5,800	8,684	2,884
Fines and forfeits	1,700	1,700	6,337	4,637
Contributions	650	48,117	48,117	
Investment earnings	10,000	10,000	50,607	40,607
Other	<u>11,458</u>	<u>11,458</u>	<u>9,727</u>	<u>(1,731)</u>
Total revenues	<u>\$990,488</u>	<u>\$1,041,783</u>	<u>\$1,072,117</u>	<u>\$30,334</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	\$887,396	\$889,384	\$880,975	(\$8,409)
Debt service:				
Principal			\$2,829	\$2,829
Interest			545	545
Total debt service			<u>\$3,374</u>	<u>\$3,374</u>
Capital outlay	<u>\$96,562</u>	<u>\$268,528</u>	<u>\$134,608</u>	<u>(\$133,920)</u>
Total expenditures	<u>\$983,958</u>	<u>\$1,157,912</u>	<u>\$1,018,957</u>	<u>(\$138,955)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$6,530</u>	<u>(\$116,129)</u>	<u>\$53,160</u>	<u>\$169,289</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			\$395,681	\$395,681
Transfers (out)	(6,530)	(6,530)	(736,530)	(730,000)
Proceeds from lease issuance			23,040	23,040
Total other financing sources and (uses)	<u>(\$6,530)</u>	<u>(\$6,530)</u>	<u>(\$317,809)</u>	<u>(\$311,279)</u>
Net change in fund balances	<u><u>(\$122,659)</u></u>	<u><u>(\$122,659)</u></u>	<u><u>(\$264,649)</u></u>	<u><u>(\$141,990)</u></u>
Fund balance - beginning			<u>1,268,715</u>	
Fund balance - ending			<u><u>\$1,004,066</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, 2023**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>REVENUES</b>			
Charges for services	\$55,000	\$92,154	\$37,154
Investment earnings	500	4,221	3,721
Rent	111,600	107,800	(3,800)
Other		220	220
	<u>\$167,100</u>	<u>\$204,395</u>	<u>\$37,295</u>
<b>EXPENDITURES</b>			
Current:			
Culture and recreation	\$274,204	\$283,525	\$9,321
Capital outlay		83,713	83,713
	<u>\$274,204</u>	<u>\$367,238</u>	<u>\$93,034</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(\$107,104)</u>	<u>(\$162,843)</u>	<u>(\$55,739)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$110,500	\$168,963	\$58,463
Transfers (out)	(\$3,396)	(\$3,396)	
	<u>\$107,104</u>	<u>\$165,567</u>	<u>\$58,463</u>
Net change in fund balances	<u><u>\$2,724</u></u>	<u><u>\$2,724</u></u>	<u><u>\$2,724</u></u>
Fund balance - beginning		<u>121,802</u>	
Fund balance - ending		<u><u>\$124,526</u></u>	

**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, 2023**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>REVENUES</b>			
Intergovernmental	\$200,000	\$69,736	(\$130,264)
Charges for services	7,000	5,517	(1,483)
Investment earnings	35,000	92,961	57,961
Other interest income	65,000	61,380	(3,620)
Other		6,018	6,018
	<u>\$307,000</u>	<u>\$235,612</u>	<u>(\$71,388)</u>
<b>EXPENDITURES</b>			
Current:			
Community development	\$30,596	\$29,529	(\$1,067)
Economic development	209,701	76,642	(133,059)
Debt service:			
Principal	36,447	36,242	(205)
Interest	364	364	
	<u>\$277,108</u>	<u>\$142,777</u>	<u>(\$134,331)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$29,892</u>	<u>\$92,835</u>	<u>\$62,943</u>
Net change in fund balances	<u><u>\$29,892</u></u>	<u><u>\$92,835</u></u>	<u><u>\$62,943</u></u>
Fund balance - beginning		<u>4,775,518</u>	
Fund balance - ending		<u><u>\$4,868,353</u></u>	

**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, 2023**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Over (Under)</b>
<b>REVENUES</b>			
Taxes:			
Tax increments	\$141,675	\$127,010	(\$14,665)
Charges for services		22,659	22,659
Investment earnings	850	3,780	2,930
Total revenues	\$142,525	\$153,449	\$10,924
<b>EXPENDITURES</b>			
Current:			
Economic development	\$142,294	\$148,530	\$6,236
Total expenditures	\$142,294	\$148,530	\$6,236
Excess (deficiency) of revenues over (under) expenditures	\$231	\$4,919	\$4,688
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in		\$2,000	\$2,000
Net change in fund balances	\$231	\$6,919	\$6,688
Fund balance - beginning		53,885	
Fund balance - ending		\$60,804	

**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, 2023**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>REVENUES</b>			
Taxes:			
General property tax	\$113,400	\$112,050	(\$1,350)
Mobile home tax	58	123	65
Total taxes	<u>\$113,458</u>	<u>\$112,173</u>	<u>(\$1,285)</u>
Intergovernmental	15	17	2
Investment earnings		<u>10,945</u>	<u>10,945</u>
 Total revenues	 <u>\$113,473</u>	 <u>\$123,135</u>	 <u>\$9,662</u>
<b>EXPENDITURES</b>			
Current:			
Community development	\$54,000	\$42,535	(\$11,465)
Economic development	60,042	59,331	(711)
 Total expenditures	 <u>\$114,042</u>	 <u>\$101,866</u>	 <u>(\$12,176)</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(\$569)</u>	 <u>\$21,269</u>	 <u>\$21,838</u>
 Net change in fund balances	 <u><u>(\$569)</u></u>	 <u>\$21,269</u>	 <u><u>\$21,838</u></u>
 Fund balance - beginning		 <u>163,001</u>	
Fund balance - ending		 <u><u>\$184,270</u></u>	



**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, 2023**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Over (Under)</b>
<b>REVENUES</b>			
Investment earnings	\$279	\$3,338	\$3,059
Rent	141,550	141,550	
Total revenues	\$141,829	\$144,888	\$3,059
<b>EXPENDITURES</b>			
Debt service:			
Principal	\$60,000	\$60,000	
Interest	79,050	79,050	
Other	495	495	
Total expenditures	\$139,545	\$139,545	
Excess (deficiency) of revenues over (under) expenditures	\$2,284	\$5,343	\$3,059
Net change in fund balances	\$2,284	\$5,343	\$3,059
Fund balance - beginning		38,684	
Fund balance - ending		\$44,027	

**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, 2023**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>REVENUES</b>			
Investment earnings		(\$2,210)	(\$2,210)
Total revenues		(\$2,210)	(\$2,210)
<b>EXPENDITURES</b>			
Debt service:			
Principal	\$285,000	\$285,000	
Interest	54,725	54,725	
Other	1,485	990	(495)
Total expenditures	\$341,210	\$340,715	(\$495)
Excess (deficiency) of revenues over (under) expenditures	(\$341,210)	(\$342,925)	(\$1,715)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$341,210	\$342,175	\$965
Transfers out		(235)	(235)
Total other financing sources and (uses)	\$341,210	\$341,940	\$730
Net change in fund balances		(\$985)	(\$985)
Fund balance - beginning		2,586	
Fund balance - ending		\$1,601	

**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, 2023**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>REVENUES</b>			
Taxes:			
General property tax	\$60,200	\$59,863	(\$337)
Mobile home tax	65	74	9
Total taxes	<u>\$60,265</u>	<u>\$59,937</u>	<u>(\$328)</u>
Intergovernmental	10	9	(1)
Investment earnings	<u>169</u>	<u>(407)</u>	<u>(576)</u>
Total revenues	<u>\$60,444</u>	<u>\$59,539</u>	<u>(\$905)</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal	\$50,000	\$50,000	
Interest	11,600	11,600	
Other	<u>495</u>	<u></u>	<u>(495)</u>
Total expenditures	<u>\$62,095</u>	<u>\$61,600</u>	<u>(\$495)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(\$1,651)</u>	<u>(\$2,061)</u>	<u>(\$410)</u>
Net change in fund balances	<u><u>(\$1,651)</u></u>	<u><u>(\$2,061)</u></u>	<u><u>(\$410)</u></u>
Fund balance - beginning		<u>3,698</u>	
Fund balance - ending		<u><u>\$1,637</u></u>	

**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, 2023**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Over (Under)</b>
<b>REVENUES</b>			
Taxes:			
General property tax	\$340,000	\$337,160	(\$2,840)
Mobile home tax	350	415	65
Total taxes	\$340,350	\$337,575	(\$2,775)
Intergovernmental	60	52	(8)
Investment earnings	1,057	(1,321)	(2,378)
Total revenues	\$341,467	\$336,306	(\$5,161)
<b>EXPENDITURES</b>			
Debt service:			
Principal	\$260,000	\$260,000	
Interest	82,500	82,500	
Other	495		(495)
Total expenditures	\$342,995	\$342,500	(\$495)
Excess (deficiency) of revenues over (under) expenditures	(\$1,528)	(\$6,194)	(\$4,666)
Net change in fund balances	(\$1,528)	(\$6,194)	(\$4,666)
Fund balance - beginning		32,978	
Fund balance - ending		\$26,784	

**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, 2023**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>REVENUES</b>			
Investment earnings	\$9,307	\$124	(\$9,183)
Total revenues	<u>\$9,307</u>	<u>\$124</u>	<u>(\$9,183)</u>
<b>EXPENDITURES</b>			
Current:			
Culture and recreation		\$3,141	\$3,141
Debt service:			
Principal	900,000	900,000	
Interest	36,000	36,000	
Other	495		(495)
Total expenditures	<u>\$936,495</u>	<u>\$939,141</u>	<u>\$2,646</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(\$927,188)</u>	<u>(\$939,017)</u>	<u>(\$11,829)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$727,574	\$730,000	\$2,426
Transfers out		(779,175)	
Total other financing sources and (uses)	<u>\$727,574</u>	<u>(\$49,175)</u>	<u>\$2,426</u>
Net change in fund balances	<u>(\$199,614)</u>	<u>(\$988,192)</u>	<u>(\$788,578)</u>
Fund balance - beginning		<u>988,192</u>	
Fund balance - ending		<u><u>                    </u></u>	

**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, 2023**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Over (Under)</b>
<b>REVENUES</b>			
Taxes:			
General property tax	\$58,500	\$58,084	(\$416)
Mobile home tax	25	66	41
Total taxes	\$58,525	\$58,150	(\$375)
Intergovernmental	10	9	(1)
Investment earnings	167	(222)	(389)
Total revenues	\$58,702	\$57,937	(\$765)
<b>EXPENDITURES</b>			
Debt service:			
Principal	\$45,000	\$45,000	
Interest	10,500	10,500	
Other		11	11
Total expenditures	\$55,500	\$55,511	\$11
Excess (deficiency) of revenues over (under) expenditures	\$3,202	\$2,426	(\$776)
Net change in fund balances	\$3,202	\$2,426	(\$776)
Fund balance - beginning		3,251	
Fund balance - ending		\$5,677	

**CITY OF FERGUS FALLS, MINNESOTA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**G.O. Port Authority 2020A Debt Service Fund**  
**For the Year Ended December 31, 2023**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>REVENUES</b>			
Investment earnings		(\$136)	(\$136)
Total revenues		(\$136)	(\$136)
<b>EXPENDITURES</b>			
Debt service:			
Principal	\$42,682	\$42,682	
Interest	10,670	10,670	
Total expenditures	\$53,352	\$53,352	
Excess (deficiency) of revenues over (under) expenditures	(\$53,352)	(\$53,488)	(\$136)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$53,352	\$54,122	\$770
Net change in fund balances		\$634	\$634
Fund balance - beginning		102	
Fund balance - ending		\$736	

**CITY OF FERGUS FALLS, MINNESOTA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**G.O. Port Authority 2020B Debt Service Fund**  
**For the Year Ended December 31, 2023**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>REVENUES</b>			
Investment earnings		\$116	\$116
Total revenues		\$116	\$116
<b>EXPENDITURES</b>			
Debt service:			
Principal	\$34,785	\$32,671	(\$2,114)
Total expenditures	\$34,785	\$32,671	(\$2,114)
Excess (deficiency) of revenues over (under) expenditures	(\$34,785)	(\$32,555)	\$2,230
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$34,785	\$32,671	(\$2,114)
Net change in fund balances		\$116	\$116
Fund balance - beginning		680	
Fund balance - ending		\$796	



**CITY OF FERGUS FALLS, MINNESOTA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**G.O. Port Authority 2021A Debt Service Fund**  
**For the Year Ended December 31, 2023**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Over (Under)</b>
<b>REVENUES</b>			
Taxes:			
General property tax	\$115,000	\$114,325	(\$675)
Mobile home tax	50	120	70
Total taxes	\$115,050	\$114,445	(\$605)
Intergovernmental	10	18	8
Investment earnings	307	3,684	3,377
Total revenues	\$115,367	\$118,147	\$2,780
<b>EXPENDITURES</b>			
Debt service:			
Principal	\$85,000	\$85,000	
Interest	16,553	16,553	
Other		495	495
Total expenditures	\$101,553	\$102,048	\$495
Excess (deficiency) of revenues over (under) expenditures	\$13,814	\$16,099	\$2,285
Net change in fund balances	\$13,814	\$16,099	\$2,285
Fund balance - beginning		97,098	
Fund balance - ending		\$113,197	

**CITY OF FERGUS FALLS, MINNESOTA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**G.O. Tax Increment 2022A Debt Service Fund**  
**For the Year Ended December 31, 2023**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>REVENUES</b>			
Investment earnings		\$5,191	\$5,191
Total revenues		\$5,191	\$5,191
<b>EXPENDITURES</b>			
Debt service:			
Interest	\$57,910	\$57,910	
Other	495	495	
Total expenditures	\$58,405	\$58,405	
Excess (deficiency) of revenues over (under) expenditures	(\$58,405)	(\$53,214)	\$5,191
Net change in fund balances	(\$58,405)	(\$53,214)	\$5,191
Fund balance - beginning		145,504	
Fund balance - ending		\$92,290	

**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, 2023**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>REVENUES</b>			
Taxes:			
General property tax	\$123,500	\$124,050	\$550
Mobile home tax	145	183	38
Total taxes	<u>\$123,645</u>	<u>\$124,233</u>	<u>\$588</u>
Special assessments	159,939	384,844	224,905
Intergovernmental	5,370,030	3,400,766	(1,969,264)
Contributions	2,000,000	954,707	(1,045,293)
Investment earnings	14,961	(115,139)	(130,100)
Other interest income	54,816	46,182	(8,634)
Other		<u>21,605</u>	<u>21,605</u>
Total revenues	<u>\$7,723,391</u>	<u>\$4,817,198</u>	<u>(\$2,906,193)</u>
<b>EXPENDITURES</b>			
Current:			
Streets and highways - other	\$10,064	\$2,323,793	\$2,313,729
Culture and recreation - other		10,259	10,259
Economic development - other		1,336,308	1,336,308
Capital outlay	<u>10,780,000</u>	<u>4,647,592</u>	<u>(6,132,408)</u>
Total expenditures	<u>\$10,790,064</u>	<u>\$8,317,952</u>	<u>(\$2,472,112)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(\$3,066,673)</u>	<u>(\$3,500,754)</u>	<u>(\$434,081)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$1,938,769	\$1,017,913	(\$920,856)
Transfers (out)	(341,210)	(737,856)	(396,646)
General obligation bonds issued	1,482,000	2,015,000	533,000
Premium on general obligation bonds issued		<u>138,471</u>	<u>138,471</u>
Total other financing sources and (uses)	<u>\$3,079,559</u>	<u>\$2,433,528</u>	<u>(\$646,031)</u>
Net change in fund balances	<u>\$12,886</u>	<u>(\$1,067,226)</u>	<u>(\$1,080,112)</u>
Fund balance - beginning		<u>1,757,352</u>	
Fund balance - ending		<u>\$690,126</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, 2023**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Over (Under)</b>
<b>REVENUES</b>			
Taxes:			
General property tax	\$40,000	\$39,897	(\$103)
Mobile home tax		49	49
Total taxes	\$40,000	\$39,946	(\$54)
Intergovernmental	1,360,000	1,032,392	(327,608)
Investment earnings		(26,235)	(26,235)
Total revenues	\$1,400,000	\$1,046,103	(\$353,897)
<b>EXPENDITURES</b>			
Current:			
Airport	\$984	\$597,659	\$596,675
Capital outlay	1,806,000	695,473	(1,110,527)
Total expenditures	\$1,806,984	\$1,293,132	(\$513,852)
Excess (deficiency) of revenues over (under) expenditures	(\$406,984)	(\$247,029)	\$159,955
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$270,000	\$218,845	(\$51,155)
Net change in fund balances	(\$136,984)	(\$28,184)	\$108,800
Fund balance - beginning		275,428	
Fund balance - ending		\$247,244	

**CITY OF FERGUS FALLS, MINNESOTA**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**December 31, 2023**

	<b>Equipment</b>	<b>Employee Insurance</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$515,776	\$9,307	\$525,083
Investments	1,900,000		1,900,000
Receivables:			
Interest	9,919		9,919
Due from other funds	439		439
Advances to other funds	36,056		36,056
Inventories	341,172		341,172
Prepaid		3,150	3,150
Total current assets	<u>\$2,803,362</u>	<u>\$12,457</u>	<u>\$2,815,819</u>
Capital assets:			
Land	\$4,350		\$4,350
Buildings and systems	713,415		713,415
Machinery and equipment	10,798,711		10,798,711
Less accumulated depreciation	(8,660,699)		(8,660,699)
Total capital assets (net of accumulated depreciation)	<u>\$2,855,777</u>		<u>\$2,855,777</u>
Total assets	<u>\$5,659,139</u>	<u>\$12,457</u>	<u>\$5,671,596</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	<u>\$56,340</u>		<u>\$56,340</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$38,267	\$125	\$38,392
Accrued salaries payable	6,678		6,678
Compensated absences	17,900		17,900
Intergovernmental payable	761		761
Due to other funds	219,422		219,422
Unearned revenue		4,393	4,393
Total current liabilities	<u>\$283,028</u>	<u>\$4,518</u>	<u>\$287,546</u>
Noncurrent liabilities:			
Compensated absences	\$19,869		\$19,869
Net pension liability	208,879		208,879
Total noncurrent liabilities	<u>\$228,748</u>		<u>\$228,748</u>
Total liabilities	<u>\$511,776</u>	<u>\$4,518</u>	<u>\$516,294</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	<u>\$67,490</u>		<u>\$67,490</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$2,855,777		\$2,855,777
Unrestricted	2,280,436	7,939	2,288,375
Total net position	<u>\$5,136,213</u>	<u>\$7,939</u>	<u>\$5,144,152</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, 2023**

	<u>Equipment</u>	<u>Employee Insurance</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Sales and charges for services	\$2,323,483	\$2,145,386	\$4,468,869
Total operating revenues	<u>\$2,323,483</u>	<u>\$2,145,386</u>	<u>\$4,468,869</u>
<b>OPERATING EXPENSES</b>			
Personal service	\$302,574		\$302,574
Employee benefits	114,434		114,434
Supplies	634,287		634,287
Utilities	52,013		52,013
Other	238,161	2,150,905	2,389,066
Depreciation	686,378		686,378
Total operating expenses	<u>\$2,027,847</u>	<u>\$2,150,905</u>	<u>\$4,178,752</u>
Operating income (loss)	<u>\$295,636</u>	<u>(\$5,519)</u>	<u>\$290,117</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	\$115,628		\$115,628
Other income	8,158		8,158
Gain on disposal of capital assets	6,892		6,892
Total nonoperating revenue (expenses)	<u>\$130,678</u>		<u>\$130,678</u>
Income before contributions and transfers	\$426,314	(\$5,519)	\$420,795
Transfers (out)	<u>(375,505)</u>		<u>(375,505)</u>
Change in net position	\$50,809	(\$5,519)	\$45,290
Total net position - beginning	<u>5,085,404</u>	<u>13,458</u>	<u>5,098,862</u>
Total net position - ending	<u><u>\$5,136,213</u></u>	<u><u>\$7,939</u></u>	<u><u>\$5,144,152</u></u>

**CITY OF FERGUS FALLS, MINNESOTA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2023**

	<u>Equipment</u>	<u>Employees Insurance</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments from interfund services provided	\$2,331,597	\$2,147,119	\$4,478,716
Payments to suppliers	(776,074)		(776,074)
Payments to employees	(344,775)		(344,775)
Payments for quasi-external transactions	(91,019)		(91,019)
Other operating income	8,158		8,158
Other operating expenses	(199,361)	(2,152,533)	(2,351,894)
	<u>\$928,526</u>	<u>(\$5,414)</u>	<u>\$923,112</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfer to other funds	(\$156,660)		(156,660)
Advances to other funds	11,325		11,325
Net cash provided (used) by noncapital financing activities	<u>(\$145,335)</u>		<u>(\$145,335)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Sale of capital assets	\$50,130		\$50,130
Purchase of capital assets	(797,088)		(797,088)
Net cash provided (used) by capital and related financing activities	<u>(\$746,958)</u>		<u>(\$746,958)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	(\$275,308)		(\$275,308)
Interest and dividends received	89,254		89,254
Net cash provided (used) by investing activities	<u>(\$186,054)</u>		<u>(\$186,054)</u>
Net increase (decrease) in cash and cash equivalents	(\$149,821)	(\$5,414)	(\$155,235)
Cash and cash equivalents - January 1	665,597	14,721	680,318
Cash and cash equivalents - December 31	<u>\$515,776</u>	<u>\$9,307</u>	<u>\$525,083</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$295,636	(\$5,519)	\$290,117
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$686,378		\$686,378
(Increase) decrease in miscellaneous receivable	16,247	1,088	17,335
(Increase) decrease in intergovernmental receivable	2,940		2,940
(Increase) decrease in due from other funds	8,114		8,114
(Increase) decrease in inventories	(58,329)		(58,329)
(Increase) decrease in prepaid items		(77)	(77)
(Increase) decrease in deferred outflows	39,923		39,923
Increase (decrease) in accounts payable	(31,885)	(2,258)	(34,143)
Increase (decrease) in accrued salaries payable	(84)		(84)
Increase (decrease) in compensated absences	13,873		13,873
Increase (decrease) in intergovernmental payable	(387)		(387)
Increase (decrease) in net pension liability	(108,940)		(108,940)
Increase (decrease) in due to other funds	440	(381)	59
Increase (decrease) in unearned revenues		1,733	1,733
Increase (decrease) in deferred inflows	56,442		56,442
Other income	8,158		8,158
Total adjustments	<u>\$632,890</u>	<u>\$105</u>	<u>\$632,995</u>
Net cash provided (used) by operating activities	<u>\$928,526</u>	<u>(\$5,414)</u>	<u>\$923,112</u>
<b>Noncash investing, capital, and financing activities:</b>			
Capital asset disposals	(\$276,250)		(\$276,250)
Capital asset adjustments	150,692		150,692
Capital contributions financed for other funds	(218,845)		(218,845)
Change in fair value of investments	24,692		24,692

**CITY OF FERGUS FALLS, MINNESOTA**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2023**

	<b>Custodial Funds</b>		
	<b>Business Development for Fergus Falls</b>	<b>Insurance Escrow</b>	<b>Total Custodial Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$385,016	\$4,159	\$389,175
Interest receivable	1,445		1,445
	\$386,461	\$4,159	\$390,620
<b>FIDUCIARY NET POSITION</b>			
Restricted for:			
Other organizations	386,461		386,461
Resident insurance claims		4,159	4,159
	\$386,461	\$4,159	\$390,620
	\$386,461	\$4,159	\$390,620



**CITY OF FERGUS FALLS, MINNESOTA**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2023**

	<u>Custodial Funds</u>		<u>Total Custodial Funds</u>
	<u>Business Development for Fergus Falls</u>	<u>Insurance Escrow</u>	
<b>ADDITIONS</b>			
Insurance escrow proceeds		\$4,159	\$4,159
Investment earnings	18,306		18,306
Total additions	\$18,306	\$4,159	\$22,465
<b>DEDUCTIONS</b>			
Economic development	\$1,973		\$1,973
Total deductions	\$1,973		\$1,973
Change in fiduciary net position	\$16,333	\$4,159	\$20,492
Fiduciary net position - beginning	\$370,128		\$370,128
Fiduciary net position - ending	<u>\$386,461</u>	<u>\$4,159</u>	<u>\$390,620</u>

**CITY OF FERGUS FALLS, MINNESOTA**  
**Balance Sheet**  
**Discretely Presented Component Unit**  
**PEG Access**  
**December 31, 2023**

	<b>Actual Amounts</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$304,173
Receivables:	
Other	18,942
Prepaid items	1,565
Total assets	\$324,680
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable	\$123
Accrued salaries payable	947
Intergovernmental payable	103
Total liabilities	\$1,173
Fund balance:	
Unassigned	\$323,507
Total liabilities and fund balance	\$324,680
Adjustment to reflect capital assets of component unit:	
Cost of Capital Assets	\$202,518
Less: Accumulated depreciation	(202,518)
Adjustment to reflect noncurrent liabilities related to component unit	(11,223)
Net position of governmental activities - component unit - PEG Access	\$312,284

**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, 2023**

	<u><b>Actual Amounts</b></u>
<b>REVENUES</b>	
Intergovernmental	\$100,018
Charges for services	640
Investment earnings	<u>13,958</u>
Total revenues	<u>\$114,616</u>
<b>EXPENDITURES</b>	
Current:	
General government	<u>\$69,966</u>
Total expenditures	<u>\$69,966</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$44,650</u>
Net change in fund balances	\$44,650
Fund balance - beginning	<u>278,857</u>
Fund balance - ending	<u><u>\$323,507</u></u>
Adjustments to reflect capital assets related to component unit:	
Depreciation expense	(\$1,624)
Adjustment to reflect the change in noncurrent liabilities related to component unit	
	<u>(1,927)</u>
Change in net position of governmental activities - component unit - PEG Access	<u><u>\$41,099</u></u>

**CITY OF FERGUS FALLS, MINNESOTA**  
**Balance Sheet**  
**Discretely Presented Component Unit**  
**Fergus Falls Convention and Visitor's Bureau, Inc. (CVB)**  
**December 31, 2023**

	<b><u>Actual Amounts</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	\$191,963
Receivables:	
Interest	721
Intergovernmental	21,122
Other	124
Prepaid items	<u>2,995</u>
Total assets	<u><u>\$216,925</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable	\$2,066
Accrued salaries payable	1,166
Intergovernmental payable	<u>209</u>
Total liabilities	<u>\$3,441</u>
Fund balance:	
Unassigned	<u>\$213,484</u>
Total liabilities and fund balance	<u><u>\$216,925</u></u>
Adjustment to reflect noncurrent liabilities related to component unit	<u>(4,244)</u>
Net position of governmental activities - component unit - CVB	<u><u>\$209,240</u></u>

**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, 2023**

	<b>Actual Amounts</b>
<b>REVENUES</b>	
Intergovernmental	\$169,797
Contributions	900
Investment earnings	9,295
Other	627
	\$180,619
<b>EXPENDITURES</b>	
Current:	
Community development	\$153,831
	\$153,831
Excess (deficiency) of revenues over (under) expenditures	\$26,788
	\$26,788
Net change in fund balances	\$26,788
Fund balance - beginning	186,696
	186,696
Fund balance - ending	\$213,484
	\$213,484
Adjustment to reflect the change in noncurrent liabilities related to component unit	(3,871)
	(3,871)
Change in net position of governmental activities - component unit - CVB	\$22,917
	\$22,917

# Statistical Section

## 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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	171
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	176
<b>Debt Capacity</b> 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.	180
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	186
<b>Operating Information</b> 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.	188

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities:										
Net investment in capital assets	\$60,951,220	\$63,063,727	\$64,989,143	\$66,137,420	\$67,856,219	\$60,231,474	\$61,241,331	\$63,181,816	\$63,859,502	\$68,279,542
Restricted	6,619,989	6,889,755	6,979,269	6,664,003	6,849,816	7,751,389	8,420,628	8,551,623	9,790,722	10,439,068
Unrestricted	14,357,890	10,232,263	8,458,300	7,730,557	7,267,442	8,669,770	10,741,169	14,380,306	13,258,184	9,611,959
Total governmental activities net position	<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>	<u>\$86,908,408</u>	<u>\$88,330,569</u>
Business-type activities:										
Net investment in capital assets	\$31,278,978	\$31,091,257	\$32,610,325	\$32,274,452	\$31,546,787	\$32,084,209	\$31,732,617	\$31,558,733	\$32,024,118	\$31,912,545
Restricted	1,823,297	1,823,665	1,828,312	1,782,760	1,967,361	2,074,052	2,261,802	2,157,565	2,065,894	2,097,543
Unrestricted	16,765,977	15,476,907	15,905,018	16,700,345	18,031,458	19,266,494	21,876,703	23,334,325	23,686,659	26,151,844
Total business-type activities net position	<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>	<u>\$57,776,671</u>	<u>\$60,161,932</u>
Primary government:										
Net investment in capital assets	\$92,230,198	\$94,154,984	\$97,599,468	\$98,411,872	\$99,403,006	\$92,315,683	\$92,973,948	\$94,740,549	\$95,555,580	\$100,002,891
Restricted	8,443,286	8,713,420	8,807,581	8,446,763	8,817,177	9,825,441	10,682,430	10,709,188	11,856,616	12,536,611
Unrestricted	31,123,867	25,709,170	24,363,318	24,430,902	25,298,900	27,936,264	32,617,872	37,714,631	37,272,883	35,952,999
Total primary government net position	<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>	<u>\$144,685,079</u>	<u>\$148,492,501</u>

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>EXPENSES:</b>										
Governmental activities:										
General government	\$1,945,454	\$2,065,828	\$2,458,631	\$2,462,045	\$2,461,445	\$2,346,537	\$2,367,778	\$2,278,776	\$2,835,798	\$3,097,269
Public safety	3,570,174	3,882,416	5,146,674	4,654,752	4,381,379	4,732,107	5,390,190	4,223,211	5,384,525	6,123,119
Streets and highways	3,205,119	3,150,581	3,487,895	3,813,044	3,732,304	5,956,562	3,947,363	3,604,589	4,386,605	6,078,022
Sanitation	69,158	75,716	77,672	82,683	85,516	48,671	43,650	39,876	49,016	56,593
Airport	503,714	374,736	360,852	383,767	387,634	390,983	401,828	455,053	500,269	1,065,842
Culture and recreation	3,051,367	3,111,232	3,180,026	3,393,503	3,495,200	3,756,250	3,354,503	3,619,536	4,549,495	4,902,747
Community development	203,259	297,854	398,289	346,735	223,862	295,167	263,089	303,216	389,485	407,504
Economic development	680,921	826,405	1,403,907	950,161	2,164,545	2,779,698	1,219,034	1,011,599	996,509	2,045,315
Interest on long-term debt	436,492	425,252	254,802	224,228	339,920	336,125	470,878	258,834	247,061	255,134
<b>Total governmental activities expenses</b>	<b>\$13,665,658</b>	<b>\$14,210,020</b>	<b>\$16,768,748</b>	<b>\$16,310,918</b>	<b>\$17,271,805</b>	<b>\$20,642,100</b>	<b>\$17,458,313</b>	<b>\$15,794,690</b>	<b>\$19,338,763</b>	<b>\$24,031,545</b>
Business-type activities:										
Waste Management	\$2,338,344	\$2,203,484	\$2,560,498	\$2,639,303	\$2,752,991	\$3,055,260	\$3,141,171	\$3,050,271	\$3,243,053	\$3,201,557
Liquor Store	4,946,859	5,070,033	5,217,008	5,332,113	5,410,891	5,561,035	6,488,734	6,236,844	6,295,130	6,310,468
Sewage Disposal	2,074,351	2,081,176	2,123,459	2,132,753	1,830,671	1,895,252	1,883,245	1,891,615	1,972,975	2,121,910
Water Department	1,712,404	1,611,978	1,676,935	1,648,924	1,916,439	1,767,086	1,733,887	1,802,895	1,988,943	2,203,390
Storm Water	338,483	394,296	406,506	413,835	384,714	430,426	438,546	404,799	519,251	527,395
<b>Total business-type activities expenses</b>	<b>\$11,410,441</b>	<b>\$11,360,967</b>	<b>\$11,984,406</b>	<b>\$12,166,928</b>	<b>\$12,295,706</b>	<b>\$12,709,059</b>	<b>\$13,685,583</b>	<b>\$13,386,424</b>	<b>\$14,019,352</b>	<b>\$14,364,720</b>
<b>Total primary government expenses</b>	<b>\$25,076,099</b>	<b>\$25,570,987</b>	<b>\$28,753,154</b>	<b>\$28,477,846</b>	<b>\$29,567,511</b>	<b>\$33,351,159</b>	<b>\$31,143,896</b>	<b>\$29,181,114</b>	<b>\$33,358,115</b>	<b>\$38,396,265</b>
<b>PROGRAM REVENUES:</b>										
Governmental activities:										
Charges for services:										
General government	\$174,449	\$265,012	\$350,305	\$234,152	\$196,565	\$217,604	\$205,981	\$266,156	\$290,055	\$249,791
Public safety	336,394	418,966	453,853	443,685	401,031	447,838	525,877	486,142	609,288	502,212
Streets and highways	39,540	38,908	36,142	40,190	43,943	56,030	43,576	44,861	54,197	51,474
Sanitation	1,025	1,269	2,779	4,535	1,797	6,046	6,652	2,506	9,864	14,203
Airport	33,241	27,023	25,262	29,866	33,298	30,974	29,258	130,828	41,233	19,425
Culture and recreation	609,416	614,258	642,284	646,634	656,091	639,777	496,431	640,294	829,869	1,014,636
Community development	8,500	8,500	8,500	8,500	18,500	8,500	8,500	8,500	8,500	10,432
Economic development	661,848	680,867	494,938	332,306	393,624	434,153	530,024	457,693	470,883	509,427
Operating grants and contributions	818,403	873,243	1,037,581	1,380,442	2,200,028	1,030,504	2,132,844	1,379,154	1,279,203	1,909,912
Capital grants and contributions	1,806,345	1,287,332	3,778,915	1,571,409	2,042,179	6,175,745	2,865,669	3,950,636	4,287,334	6,297,477
<b>Total governmental activities program revenues</b>	<b>\$4,489,161</b>	<b>\$4,215,378</b>	<b>\$6,830,559</b>	<b>\$4,691,719</b>	<b>\$5,987,056</b>	<b>\$9,047,171</b>	<b>\$6,844,812</b>	<b>\$7,366,770</b>	<b>\$7,880,426</b>	<b>\$10,578,989</b>

(Continued)

**Table 2**  
**(Continued)**

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Business-type activities:										
Charges for services:										
Waste Management	\$2,540,157	\$2,580,556	\$2,785,653	\$3,078,737	\$3,108,981	\$3,244,571	\$3,487,852	\$3,529,247	\$3,847,494	\$3,756,434
Liquor Store	5,571,765	5,688,653	5,807,612	5,932,434	6,171,342	6,321,527	7,575,587	7,390,394	7,320,491	7,491,985
Sewage Disposal	2,147,054	2,048,795	2,260,595	2,294,721	2,310,245	2,488,495	2,339,699	2,184,538	2,247,720	2,286,904
Water Department	1,958,061	2,116,840	2,228,269	2,272,512	2,302,974	2,419,541	2,577,360	2,829,722	2,793,858	2,963,533
Storm Water	438,633	478,279	496,032	539,298	549,744	590,062	641,082	652,482	647,706	832,446
Total business-type activities program revenues	<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>	<u>\$16,857,269</u>	<u>\$17,331,302</u>
Total primary government program revenues	<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>	<u>\$24,737,695</u>	<u>\$27,910,291</u>
NET (EXPENSE) REVENUE:										
Governmental activities	(\$9,176,497)	(\$9,994,642)	(\$9,938,189)	(\$11,619,199)	(\$11,284,749)	(\$11,594,929)	(\$10,613,501)	(\$8,427,920)	(\$11,458,337)	(\$13,452,556)
Business-type activities	1,245,229	1,552,156	1,593,755	1,950,774	2,147,580	2,355,137	2,935,997	3,199,959	2,837,917	2,966,582
Total primary government net (expense) revenue	<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>	<u>(\$8,620,420)</u>	<u>(\$10,485,974)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Taxes:										
Property taxes	\$4,672,685	\$4,950,087	\$5,262,003	\$5,602,836	\$5,999,619	\$6,372,652	\$6,627,148	\$6,597,663	\$7,154,288	\$7,650,231
Local option sales tax	1,254,844	1,233,022	1,287,047		1,312,194	1,354,084	1,430,063	1,560,963	1,265,431	440,906
Lodging taxes	161,678	152,642	147,245	141,028	143,020	138,668	90,992	138,801	169,686	169,797
Tax increments	126,185	135,623	104,408	139,249	198,127	216,458	257,208	235,289	242,576	130,057
Unrestricted intergovernmental revenues	3,623,637	3,633,688	3,638,476	3,640,798	3,673,440	3,675,370	3,765,510	3,801,491	3,809,974	3,838,824
Unrestricted investment earnings	415,185	215,405	203,981	297,797	254,281	676,972	602,071	(95,456)	(884,915)	769,334
Gain on sale of capital assets			12,766	9,402	12,280	4,279	39,995		32,810	6,892
Special item		337,014	(322,476)			(7,641,790)				
Transfers	1,026,907	1,328,249	(154,294)	1,893,357	1,565,393	1,477,392	1,551,009	1,899,786	520,301	1,868,676
Total governmental activities	<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>	<u>\$12,310,151</u>	<u>\$14,874,717</u>
Business-type activities:										
Unrestricted investment earnings	\$488,681	\$225,582	\$203,777	\$356,485	\$336,035	\$1,001,404	\$1,061,379	(\$155,914)	(\$1,592,041)	\$1,287,355
Gain on sale of capital assets									473	
Special item		(300,000)						35,242		
Transfers	(1,026,907)	(1,328,249)	154,294	(1,893,357)	(1,565,393)	(1,477,392)	(1,551,009)	(1,899,786)	(520,301)	(1,868,676)
Total business-type activities	<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>	<u>(\$2,111,869)</u>	<u>(\$581,321)</u>
Total primary government	<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>	<u>\$10,198,282</u>	<u>\$14,293,396</u>
CHANGE IN NET POSITION:										
Government activities	\$2,104,624	\$1,991,088	\$240,967	\$105,268	\$1,873,605	(\$5,320,844)	\$3,750,495	\$5,710,617	\$851,814	\$1,422,161
Business-type activities	707,003	149,489	1,951,826	413,902	918,222	1,879,149	2,446,367	1,179,501	726,048	2,385,261
Total primary government	<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>	<u>\$1,577,862</u>	<u>\$3,807,422</u>

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund:										
Nonspendable	\$440,267	\$491,482	\$175,646	\$150,706	\$163,928	\$177,927	\$202,355	\$234,930	\$159,609	\$221,074
Restricted	878,612	948,828	1,090,979	1,140,596	2,252,268	2,140,762	2,781,052	2,065,517	1,127,060	1,788,915
Assigned	1,333,450	1,393,510	1,193,283	1,104,038	972,496	1,080,260	1,171,134	1,319,487	1,519,680	1,472,487
Unassigned	3,823,862	4,246,697	4,624,482	4,700,345	4,783,684	5,259,736	6,031,039	6,553,239	5,878,243	6,580,769
Total General Fund	<u>\$6,476,191</u>	<u>\$7,080,517</u>	<u>\$7,084,390</u>	<u>\$7,095,685</u>	<u>\$8,172,376</u>	<u>\$8,658,685</u>	<u>\$10,185,580</u>	<u>\$10,173,173</u>	<u>\$8,684,592</u>	<u>\$10,063,245</u>
All Other Governmental Funds										
Nonspendable	\$28,075	\$28,075	\$14,301	\$14,301	\$14,301	\$14,989	\$14,301	\$16,299	\$24,975	\$21,880
Restricted	5,989,023	5,976,461	5,892,809	11,938,437	5,342,900	5,673,179	6,114,513	6,506,683	6,148,551	5,095,565
Committed	317,992	397,823	436,743	495,255	458,875	505,972	563,160	624,059	514,826	507,911
Assigned	5,877,145	5,178,442	4,659,401	4,843,250	4,851,756	4,970,512	5,279,310	6,931,261	6,571,385	5,967,427
Total All Other Governmental Funds	<u>\$12,212,235</u>	<u>\$11,580,801</u>	<u>\$11,003,254</u>	<u>\$17,291,243</u>	<u>\$10,667,832</u>	<u>\$11,164,652</u>	<u>\$11,971,284</u>	<u>\$14,078,302</u>	<u>\$13,259,737</u>	<u>\$11,592,783</u>

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>REVENUES:</b>										
Taxes	\$6,212,720	\$6,464,130	\$6,770,654	\$5,846,387	\$7,623,925	\$8,112,312	\$8,384,683	\$8,573,030	\$8,803,050	\$8,354,605
Special assessments	572,685	472,552	460,754	630,675	411,971	584,418	361,151	474,217	252,146	384,844
Licenses and permits	133,989	195,553	172,476	196,625	127,783	200,112	182,754	225,777	333,921	266,968
Intergovernmental	5,379,180	4,892,534	7,464,860	5,081,759	6,138,292	9,812,734	8,248,877	8,347,374	6,893,338	10,278,557
Charges for services	826,534	874,392	996,899	979,992	1,024,319	977,258	933,269	1,027,672	1,237,498	1,299,934
Fines and forfeits	115,751	118,317	127,490	103,251	94,957	105,731	109,761	87,912	71,155	82,042
Contributions	516,543	338,356	419,622	1,046,432	766,662	164,667	153,346	432,396	647,521	1,078,072
Investment earnings	372,377	187,460	189,470	264,785	231,894	597,714	509,790	(78,258)	(748,387)	653,706
Other interest income	236,151	217,811	188,338	185,717	194,109	193,109	124,804	115,687	112,239	107,562
Rent	611,144	634,274	388,329	289,731	312,443	357,222	445,243	501,423	519,722	546,132
Other	195,736	149,069	251,661	131,769	397,268	144,304	127,950	201,123	93,394	199,756
<b>Total revenues</b>	<b>\$15,172,810</b>	<b>\$14,544,448</b>	<b>\$17,430,553</b>	<b>\$14,757,123</b>	<b>\$17,323,623</b>	<b>\$21,249,581</b>	<b>\$19,581,628</b>	<b>\$19,908,353</b>	<b>\$18,215,597</b>	<b>\$23,252,178</b>
<b>EXPENDITURES:</b>										
<b>Current:</b>										
General government	\$1,718,270	\$1,818,839	\$2,075,846	\$2,113,925	\$2,126,948	\$2,076,492	\$2,135,300	\$2,062,382	\$2,363,398	\$2,699,913
Public safety	3,454,271	3,555,536	3,800,798	4,099,153	4,277,152	4,465,508	5,476,974	4,624,077	5,127,677	5,362,755
Streets and highways	2,008,043	1,887,913	2,211,386	2,582,236	2,379,285	4,608,073	2,886,159	2,586,972	3,064,613	4,790,943
Sanitation	70,667	77,809	77,525	81,274	84,083	48,901	46,762	42,803	47,950	57,333
Airport	187,842	205,451	194,026	208,939	205,063	209,516	219,906	255,779	281,105	820,163
Culture and recreation	2,421,199	2,469,304	2,572,279	2,666,858	2,864,657	2,988,008	2,518,129	2,765,558	3,307,354	3,551,486
Community development	203,259	297,833	399,052	346,735	223,765	301,302	269,338	303,489	379,749	407,407
Economic development	570,156	601,899	1,387,474	882,133	2,005,862	2,639,380	1,084,010	848,506	738,865	1,933,846
<b>Debt service:</b>										
Principal	3,303,801	4,958,651	2,836,451	1,243,895	1,894,780	2,994,216	2,085,061	1,956,201	1,952,584	1,822,668
Interest	458,395	389,737	283,626	232,704	400,160	363,656	467,599	417,561	362,271	364,495
Other	4,585	61,408	4,090	1,415	7,250	1,485	110,206	2,356	2,491	2,486
<b>Capital Outlay</b>	<b>2,692,000</b>	<b>1,684,350</b>	<b>3,952,613</b>	<b>3,488,853</b>	<b>8,063,490</b>	<b>4,853,504</b>	<b>2,470,722</b>	<b>6,119,362</b>	<b>6,450,935</b>	<b>6,259,715</b>
<b>Total expenditures</b>	<b>\$17,092,488</b>	<b>\$18,008,730</b>	<b>\$19,795,166</b>	<b>\$17,948,120</b>	<b>\$24,532,495</b>	<b>\$25,550,041</b>	<b>\$19,770,166</b>	<b>\$21,985,046</b>	<b>\$24,078,992</b>	<b>\$28,073,210</b>
Excess (deficit) of revenues over (under) expenditures	<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>	<u>(\$5,863,395)</u>	<u>(\$4,821,032)</u>
<b>OTHER FINANCING SOURCES (USES):</b>										
Transfers in	\$5,124,349	\$4,710,866	\$4,471,986	\$4,415,608	\$3,477,355	\$2,599,916	\$2,409,119	\$3,067,833	\$3,127,293	\$5,689,015
Transfers out	(3,822,709)	(3,186,175)	(2,803,706)	(2,351,789)	(1,892,396)	(1,037,352)	(703,240)	(962,726)	(1,366,470)	(3,387,978)
Insurance recoveries		45,747	108,323							
Installment purchase contract			336,812		76,591					
General obligation bonds issued		1,830,000		7,055,000		3,580,000	666,124	2,060,293	1,753,318	2,070,183
Refunding bonds issued							5,245,000			
Premium on general obligation bonds issued		28,426		357,996		141,025	608,862	5,204	26,275	138,471
Proceeds from lease issuance										23,040
Payment of refunded bonds							(5,705,000)			
Sale of capital assets	1,888	8,310		13,466			1,200	700		
<b>Total other financing sources (uses)</b>	<b>\$1,303,528</b>	<b>\$3,437,174</b>	<b>\$2,113,415</b>	<b>\$9,490,281</b>	<b>\$1,661,550</b>	<b>\$5,283,589</b>	<b>\$2,522,065</b>	<b>\$4,171,304</b>	<b>\$3,540,416</b>	<b>\$4,532,731</b>
Special item - golf course loan			(\$322,476)							
<b>Net change in fund balances</b>	<b>(\$616,150)</b>	<b>(\$27,108)</b>	<b>(\$573,674)</b>	<b>\$6,299,284</b>	<b>(\$5,547,322)</b>	<b>\$983,129</b>	<b>\$2,333,527</b>	<b>\$2,094,611</b>	<b>(\$2,322,979)</b>	<b>(\$288,301)</b>
Debt service as a percentage of noncapital expenditures	25.16%	31.93%	17.73%	10.08%	13.76%	16.11%	14.78%	14.74%	12.24%	9.92%

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
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%
2022	7,341,725	3,588,133	1,283,679	1,408	217,106	11,995,023	977,889,600	58.53%	1.23%
2023	8,750,573	4,228,858	1,327,132	1,385	119,914	14,185,264	1,152,623,800	53.38%	1.23%

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				
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
2022	52.42	6.11	58.53	18.01	40.37	1.65	0.50
2023	48.70	4.68	53.38	17.78	33.98	1.62	0.42

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	2023			2014		
		2022/2023 Tax Capacity Value	Rank	Percentage of Total Tax Capacity Value	2013/2014 Tax Capacity Value	Rank	Percentage of Total Tax Capacity Value
Otter Tail Power Company	Public Utility	\$1,025,736	1	7.17%	\$1,074,330	1	11.17%
Lake Region Healthcare Corp.	Healthcare	311,592	2	2.18%	95,455	6	0.99%
FFFFMN001 LLC	Commercial	165,748	3	1.16%	0		0.00%
Great Plains Natural Gas Co.	Public Utility	154,436	4	1.08%	0		0.00%
Walmart Real Estate Bus Tst	Retail Discount Store	111,428	5	0.78%	122,258	3	1.27%
Sterling Offc & Ind Prop LLLP	Industrial	103,636	6	0.72%	0		0.00%
Fergus Falls Lodging LLC	Commercial	96,880	7	0.68%	0		0.00%
Home Depot USA Inc.	Retail Discount Store	95,872	8	0.67%	96,446	5	1.00%
Sunset Ridge Apts of FF LLP	Housng	94,327	9	0.66%	0		0.00%
Vector Windows Inc.	Commercial/Industrial	85,696	10	0.60%	0		0.00%
Mills Properties Inc.	Retail Discount Store			0.00%	156,932	2	1.63%
SMR Acquisition LLC	Industrial			0.00%	93,667	7	0.97%
LRH Medical Properties	Healthcare			0.00%	116,254	4	1.21%
GKL Properties LLC	Industrial			0.00%	69,240	9	0.72%
Dirkmann Perry Real Estate PTR	Industrial			0.00%	67,386	10	0.70%
Burlington Northern RR Co	Railroad Land and Building			0.00%	78,577	8	0.82%
		<u>\$2,245,351</u>		<u>15.69%</u>	<u>\$1,970,545</u>		<u>20.48%</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
2014	\$4,701,304	(\$16,762)	(\$997)	\$4,683,545	\$4,638,652	99.02%	\$44,624	\$4,683,276	99.99%
2015	4,932,384	(88)	7,441	4,939,737	4,868,368	98.70%	49,746	4,918,114	99.56%
2016	5,238,001	8,582	(7,601)	5,238,982	5,175,821	98.65%	58,866	5,234,688	99.92%
2017	5,601,173	(8,489)	8,966	5,601,650	5,524,886	98.79%	75,699	5,600,585	99.98%
2018	5,977,955	(1,334)	6,862	5,983,483	5,894,936	98.63%	86,956	5,981,892	99.97%
2019	6,366,530	(3,343)	4,135	6,367,323	6,310,088	99.17%	55,516	6,365,603	99.97%
2020	6,529,647	1,326	(17,147)	6,513,826	6,461,723	98.94%	48,913	6,510,636	99.95%
2021	6,544,588	(724)	11,037	6,554,902	6,468,492	98.85%	80,599	6,549,092	99.91%
2022	6,998,322	(1,025)	3,149	7,000,446	6,873,716	98.23%	105,927	6,979,643	99.70%
2023	7,571,035	(6,916)	0	7,564,120	7,412,713	98.00%	0	7,412,713	98.00%

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

Source: Otter Tail County

Tax Levy = Spread Levy

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

Fiscal Year	Governmental Activities							
	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	Lease Liability
2014	\$3,260,000			\$12,237,392		\$19,000	\$555,700	
2015	1,600,000			10,899,952			451,044	
2016				9,805,027			621,405	
2017			7,412,996	8,832,966			332,510	
2018			6,533,330	7,908,946			244,321	
2019			4,463,664	7,872,310	2,813,644		190,105	
2020			3,313,998	7,066,631	3,018,147	449,903	140,044	
2021			2,129,332	6,288,353	5,027,023	419,358	88,843	
2022		1,696,275	959,666	5,535,074	5,033,185	373,813	36,447	115,909
2023		1,695,224	0	4,865,854	7,019,462	323,268	0	94,538

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 9**

Business-type Activities					
G.O. Revenue Bonds	Revenue Bonds	Notes and Contracts Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita (2)
\$5,216,239	\$395,000	\$76,021	\$21,759,352	7.03%	1,637
3,161,939	270,000	46,436	16,429,371	4.97%	1,237
2,840,853	140,000	15,733	13,423,018	3.74%	992
2,629,768			19,208,240	4.81%	1,383
3,610,348			18,296,945	4.66%	1,330
5,727,119			21,066,842	5.30%	1,530
5,469,848			19,458,571	4.76%	1,414
5,094,968			19,047,877	4.48%	1,349
4,665,088			18,415,457	4.13%	1,311
4,220,207			18,218,553	4.06%	1,293

**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	Per Capita (1)
	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				
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
2022		1,696,275	959,666	5,535,074	5,033,185	373,813	4,665,088	3,813,583	14,449,518	1.48%	1,029
2023		1,695,224	0	4,865,854	7,019,462	323,268	4,220,207	2,693,942	15,430,073	1.34%	1,095

(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, 2023**

	Debt Outstanding	Percentage Applicable to City of Fergus Falls (1)	Amount Applicable to City of Fergus Falls
City of Fergus Falls direct debt	\$13,998,346	100.00%	\$13,998,346
ISD #544	19,945,000	48.61%	9,695,265
Otter Tail County	59,880,000	9.48%	5,676,624
Subtotal, overlapping debt	<u>\$79,825,000</u>		<u>\$15,371,889</u>
Total Direct and Overlapping Debt	<u>\$93,823,346</u>		<u>\$29,370,235</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**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit 3% of estimated market value	\$21,896,382	\$21,770,703	\$22,337,373	\$23,502,312	\$24,583,728	\$26,107,686	\$27,064,827	\$28,659,873	\$29,336,688	\$34,578,714
Total net debt applicable to limit	6,227,001	5,901,059	5,595,174	5,285,482	4,972,904	4,640,633	4,836,856	4,485,778	4,111,968	3,714,448
Legal debt margin	\$15,669,381	\$15,869,644	\$16,742,199	\$18,216,830	\$19,610,824	\$21,467,053	\$22,227,971	\$24,174,095	\$25,224,720	\$30,864,266
Total net debt applicable to the limit as a percentage of debt limit	28.44%	27.11%	25.05%	22.49%	20.23%	17.77%	17.87%	15.65%	14.02%	10.74%

**Legal Debt Margin Calculation for Fiscal Year 2023**

Taxable market value	\$1,152,623,800
Debt limit (3% of total assessed value)	34,578,714
Debt applicable to limit:	
General obligation debt	3,748,546
Less: Amount set aside for repayment of general obligation debt	(34,098)
Total net debt applicable to limit	<u>\$3,714,448</u>
Legal debt margin	<u>\$30,864,266</u>

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

<b>Liquor Store Bonds</b>						
Fiscal Year	Operating Revenues and Gross Profit	Less: Operating Expense	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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			
2022	2,333,810	1,319,097	1,014,713			
2023	2,468,628	1,291,695	1,176,933			

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**

Fiscal Year	Population (1)	Personal Income	School Enrollment (2)	Unemployment Rate (3)	Per Capita Income (4)	Total Employment (5)
2014	13,295	\$331,125,270	2,724	5.00%	\$24,906	10,106
2015	13,280	352,451,200	2,826	3.90%	26,540	10,107
2016	13,528	374,238,592	3,000	4.40%	27,664	10,104
2017	13,892	396,602,708	3,195	3.70%	28,549	10,037
2018	13,754	392,662,946	3,750	4.40%	28,549	10,009
2019	13,766	397,837,400	3,421	4.20%	28,900	9,980
2020	13,766	408,616,178	3,200	5.20%	29,683	9,334
2021	14,119	425,123,090	2,993	3.00%	30,110	9,406
2022	14,042	445,650,954	2,828	3.40%	31,737	9,402
2023	14,085	448,226,955	2,757	2.50%	31,823	9,536

- (1) State Demographer
- (2) Annual school census, ISD #544 including iQ Academy
- (3) Minnesota Department of Employment and Economic Development - Local Area Unemployment Statistics (LAUS)
- (4) U.S. Census
- (5) 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	2023			2014		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lake Region Healthcare Corporation	Hospital	845	1	8.86%	849	1	8.40%
ISD #544	Education	422	2	4.43%	337	4	3.33%
Otter Tail County	Government	391	3	4.10%	370	3	3.66%
Otter Tail Power Company	Public Utility	369	4	3.87%	382	2	3.78%
Pioneer Home	Nursing Home	210	5	2.20%	306	5	3.03%
City of Fergus Falls	Municipality	199	6	2.09%	186	9	1.84%
Productive Alternatives	Vocational Rehab. Service	179	7	1.88%	157	10	1.55%
Veterans Home	Nursing Home	179	8	1.88%	196	8	1.94%
LB Homes	Nursing Home	149	9	1.56%	251	6	2.48%
Vector Windows	Manufacturing	146	10	1.53%			
Northern Contours	Manufacturing				230	7	2.28%
<b>Total Employment</b>		<u>3,089</u>		<u>32.39%</u>	<u>3,264</u>		<u>32.30%</u>

Source: City of Fergus Falls Community Development data

Table 16

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Government:</b>										
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	3
Planning and zoning	1	1	1	1	1	1	0	1	0	0
General government buildings	2	2	2	2	2	2	2	2	2	2
Economic development		1	1	2	1	1	1	1	1	1
Other	11	11	11	11	11	12	11	10	12	12
<b>Public Safety:</b>										
<b>Police:</b>										
Licensed	23	23	23	23	24	24	23	24	23	22
Other	5	6	6	6	6	6	6	6	6	6
<b>Fire:</b>										
Chief/Inspector/Training & Safety	3	3	3	3	3	3	3	3	3	3
Building/Zoning Administrator	2	3	3	3	3	3	2	2	2	2
<b>Public Works:</b>										
Engineering/GIS	6	6	5	6	6	6	6	6	6	5
Street	11	11	11	11	11	11	11	11	11	10
Shop	5	5	5	5	5	5	4	4	4	3
Park and Recreation	10	10	10	11	11	11	10	10	10	10
<b>Subtotal</b>	<b>92</b>	<b>95</b>	<b>94</b>	<b>97</b>	<b>97</b>	<b>98</b>	<b>92</b>	<b>93</b>	<b>93</b>	<b>90</b>
<b>Waste Management</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>10</b>
Liquor Store	10	10	11	12	13	12	13	14	14	12
Sewage Disposal	6	6	6	6	6	6	6	6	6	4
Water Department	7	7	7	7	7	7	6	6	6	7
<b>Subtotal</b>	<b>32</b>	<b>32</b>	<b>33</b>	<b>34</b>	<b>35</b>	<b>34</b>	<b>34</b>	<b>35</b>	<b>35</b>	<b>33</b>
<b>Total</b>	<b>124</b>	<b>127</b>	<b>127</b>	<b>131</b>	<b>132</b>	<b>132</b>	<b>126</b>	<b>128</b>	<b>128</b>	<b>123</b>

Source: Departments of the City

Table 17

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government:										
Planning:										
Number of case files	26	34	33	24	21	23	24	21	21	4
Number of plats filed	2	5	3	0	7	5	3	4	4	1
Public Safety:										
Police:										
Physical arrests	789	787	715	751	1,318	757	1,300	903	829	958
Citations	1,237	1,248	1,291	1,342	441	420	457	480	553	411
Calls for service	12,760	12,977	13,455	17,096	12,275	12,863	11,305	10,982	11,474	11,637
Fire:										
Calls for service	211	198	190	223	232	341	291	270	321	307
Building Official:										
Building permits issued	280	302	301	305	291	295	345	339	372	357
Single family homes permitted	4	14	14	7	8	16	35	16	14	10
Public Works:										
Street:										
Miles of roadway	116.05	115.82	118.64	118.64	118.71	118.71	119.89	119.12	122.01	122.29
Library:										
Physical volumes in collection	65,381	63,784	64,939	60,459	65,223	66,537	67,182	68,686	76,913	82,215
Total physical volumes borrowed	224,699	222,327	224,999	215,731	205,236	220,718	151,135	183,088	193,402	196,850
Digital volumes in collection	4,640	6,326	6,845	5,569	7,796	7,230	10,226	20,601	24,533	21,081
Total digital volumes borrowed	9,836	13,695	13,792	14,951	19,166	21,307	25,815	23,329	33,414	28,869
Park and Recreation:										
Program participants	5,472	6,472	8,056	7,345	9,920	6,826	450	6,690	6,707	7,324
Public Utilities:										
Waste Management:										
Number of accounts	4,591	4,634	4,704	4,714	4,754	4,779	4,826	4,843	4,870	4,952
Sewage Disposal:										
Number of accounts	4,733	4,761	4,747	4,768	4,773	4,799	4,860	4,895	4,921	4,934
Millions of gallons processed	669.78	585.60	605.08	643.84	593.16	652.62	625.64	539.78	542.59	515.97
Water:										
Number of accounts	4,819	4,851	4,837	4,858	4,865	4,889	4,949	4,980	5,005	5,021
Millions of gallons pumped	427.11	434.91	423.95	407.40	403.66	367.92	358.38	399.23	390.63	379.83
Peak demand (MGD)	2.02	3.33	2.06	1.90	1.34	2.04	1.86	2.27	2.75	2.09
Storm Water:										
Number of accounts	4,751	4,779	4,858	4,877	4,902	4,928	4,986	5,019	5,053	5,070

Source: Departments of the City

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	17	17	17	18	19	19	19	22	20	22
Fire Stations	1	1	1	1	1	1	1	1	1	1
Street:										
Miles of roadway	116.05	115.82	118.64	118.64	118.71	118.71	119.89	119.12	122.01	122.29
Traffic signals	13	13	13	13	13	13	13	13	13	13
Park & Recreation:										
Acres	351	351	445	445	455	466	551	551	551	551
Parks	23	23	25	25	25	27	27	29	29	28
Ball fields	12	12	12	12	12	12	13	13	13	13
Soccer fields	4	4	4	4	4	4	4	4	4	4
Playgrounds	10	10	10	10	11	11	11	11	11	10
Liquor Stores	2	2	2	2	2	2	2	2	2	2
Water:										
Miles of water mains	103.95	103.95	104.42	104.42	106.06	106.84	107.44	107.52	107.60	107.62
Fire hydrants	703	703	703	704	704	743	755	756	760	760
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	8	8	8	9	9	8	8	8	8	8
Sewage Disposal:										
Miles of sewer mains	92.58	92.66	92.66	92.66	92.72	93.02	93.61	93.61	93.81	93.81
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

Source: Departments of the City

**REAL ESTATE PURCHASE AGREEMENT**  
**BARE LAND**

THIS AGREEMENT (“Agreement”) is dated effective \_\_\_\_\_ (“Effective Date”), by and between Key Property Investments, a Minnesota limited liability company ("Buyer") and the City of Fergus Falls, a Minnesota municipal corporation ("Seller"), Buyer agrees to purchase from Seller and Seller agrees to sell to Buyer, upon the terms and conditions hereinafter set forth, the following described tract of land in Otter Tail County, Minnesota, State of Minnesota, legally described as follows:

Lots 27 and 28, Block 9, Rosemount Addition to Fergus Falls, Otter Tail County, Minnesota.

(the “Property”)

1. **PURCHASE PRICE:** The purchase price for the Property shall be \$12,000.00. The Purchase Price shall be paid by Buyer in cash or certified bank funds on the Closing Date.

2. **CLOSING COSTS/RECORDING COSTS/DEED TAX:**

- a. Seller will pay the state deed tax on the deed conveying title from Seller to Buyer, estimated at \$39.60 (.33% of the total purchase price).
- b. Buyer will pay the cost of recording the deed (\$51.00).
- c. Seller will pay the cost of preparation of the warranty deed and other documents of transfer.
- d. Seller will pay the cost of recording any releases or satisfactions necessary to clear title of any mortgage or other liens (\$51.00 each recording).
- e. Buyer will pay the cost of filing the well disclosure statement (\$50.00), if required.
- f. Seller shall pay the cost of completing the Sewage Treatment System Property Transfer Form, including the cost for a Compliance Inspection Report completed by an MPCA Registered Professional, if required.
- g. Seller and Buyer shall split the cost of Closing.
- h. Seller and Buyer shall pay their own attorney’s fees.

Except as provided herein, any costs incurred by either Seller or Buyer not set forth above shall be paid by the party incurring said costs.

3. **REAL ESTATE TAXES/SPECIAL ASSESSMENTS/UTILITIES:**

- a. Seller shall pay the real estate taxes in the year 2023 and all preceding years.

- b. Real estate taxes payable on the land in the year 2024 shall be pro-rated between Seller and Buyer based upon the days up to the Closing Date in ratio to the 365-day calendar year.
- c. Real estate taxes in the years 2025 and following shall be the responsibility of Buyer.
- d. Seller shall pay any deferred real estate taxes or special assessments, which is required because of the closing of this sale.
- e. Installments of special assessments payable on the land in the year 2024 shall be pro-rated between Seller and Buyer based upon the days up to the Closing Date in ratio to the 365-day calendar year.

4. EXAMINATION OF TITLE: Seller does not have an abstract for the Property to deliver to Buyer. Buyer, at Buyer's expense, shall have fifteen (15) days to conduct any title examination, procure title insurance commitment and final owner's (and lender's policy if applicable), and other title review Buyer deems necessary. Any objections to title shall be made by written notice to Seller within the 15-day period. In the event no objections to title are made within said 15-day period, the parties shall proceed to closing. In case objection is timely raised and said title shall be found not good and marketable, the Seller shall have 120 days to make it good and marketable, and on so doing shall notify the Buyer in writing. In the alternative, Buyer may waive any title defects by written notice to Seller. In either event, the Buyer shall have 60 days thereafter to perform this Agreement. In the event Seller makes a timely objection to title, and in case title is not made good and marketable after Seller's best efforts, Buyer may declare this Agreement null and void, and neither Buyer nor Seller shall be liable to the other for damages and all earnest money, if any, shall be returned to Buyer. In case objection is timely raised, Seller may declare this Agreement null and void, and neither Buyer nor Seller shall be liable to the other for damages and all earnest money, if any, shall be returned to Buyer. Buyer may waive any title defects or objections by written notice to Seller, which must fully set forth that Buyer waives all title objections that are known and are unknown.

5. CONTINGENCIES TO CLOSING:

- a. Buyer's purchase of the Property is subject to Seller's ability to convey good and marketable title, as set forth in Section 4 of this Agreement. If such contingency is not met by the Closing Date, and such contingency is not waived by the Buyer, this Agreement shall be null and void and Seller and Buyer shall **not** be liable to each other or any other person or entity for damages of any kind.
- b. Seller shall satisfy and pay and any all-outstanding mortgages, liens, and/or encumbrances against the Property.
- c. Seller consents Buyer (at Buyer's sole expense) may apply for a variance to allow the Buyer to construct a 3-bedroom, 2-bathroom, 1265 square foot single family home, with an attached 484 square foot garage. Buyer shall also submit its building plans together with this application for Seller's approval. If Buyer does not receive

approval from the Seller for its variance request and building plans this Agreement shall be null and void and neither Buyer nor Seller shall be liable to the other for damages and all earnest money, if any, shall be returned to Buyer. If Buyer receives approval from the Seller for its variance request and building plans, Buyer shall within 30 days secure all necessary building and construction permits to construct the proposed single-family home. All permit fees shall be paid by Buyer in advance of issuance of any building and construction permits.

- d. This purchase agreement is contingent on Buyer's investigations of the Property for Buyer to satisfy itself with respect to the physical condition of the Property and the feasibility and suitability of the Property for Buyer's intended purpose. Any Buyer investigations shall be completed within 30 days of Effective Date of this Purchase Agreement. All Buyer investigations shall be at Buyer's sole cost and expense. In the event the property is deemed unsuitable Buyer may declare this Agreement null and void and neither Buyer nor Seller shall be liable to the other for damages and all earnest money, if any, shall be returned to Buyer.

6. CLOSING: Unless otherwise mutually agreed upon in writing by the parties, this sale shall be closed on or before July 15, 2024 at 10:00, a.m. (the "Closing Date"), at NF Field Abstract Company, LLC, Fergus Falls, Minnesota. The Closing Date may be at a sooner date by agreement of the parties. No in-person closing shall be required as closing documents may be transmitted by mail, email, or fax and money shall be wired between the parties.

Seller shall deliver to Buyer at the Closing:

- a. A Warranty Deed executed in proper form for recording, and such other documents and instruments sufficient to convey marketable and insurable title in accordance with this Agreement.
- b. An Affidavit of Seller that no work has been performed at the Premises or materials supplied to the Premises which would give rise to a mechanic's or materialman's lien against the Premises.
- c. If the title examination discloses judgments, bankruptcies or other returns against other persons having names the same as or like Seller, Seller shall deliver an affidavit showing that such judgments, bankruptcies and other returns are not against Sellers.

Buyer shall deliver to Seller at the Closing:

- a. Certified Funds as required in Paragraph 1.

7. CONVEYANCE OF TITLE/POSSESSION: At Closing, Seller shall convey title to the Property to the Buyer by a Quit Claim Deed. Seller agrees to deliver possession of the Property after Closing.

8. WARRANTIES/REPRESENTATIONS: Upon performance by Buyer, Seller warrants that on the Closing Date the real estate will be free and clear of all encumbrances and that title conveyed by Seller to Buyer shall be marketable, subject only to the following exceptions:

- a. Building and zoning laws, ordinances, State and Federal regulations.
- b. Reservation of any minerals or mineral rights to the State of Minnesota, or others.
- c. Utility, drainage, and other easements which do not interfere with present improvements.
- d. Any statutes, rules or regulations promulgated by the state or federal government or any of its agencies relating to the restriction of use of the premises which shall be subject to such statutes, rules or regulations.
- e. For purposes of satisfying the requirements of Minn. Stat. §115.55, Seller represents that there is no individual sewer treatment system (within the meaning of that statute).
- f. To the Seller's knowledge, the Seller does not know of any well on the Property within the meaning of Minn. Stat. §1031.005. This representation is intended to satisfy the requirements of that statute.
- i. To the Seller's knowledge, there are no encroachment or boundary line questions affecting the Property.
- j. The Property is sold "AS IS" and "WHERE IS" without representations as to fitness or faults.
- k. The Property is sold subject to all easements, restrictions, and reservations of record.

9. DEFAULT: In case of failure of either party to perform this Agreement for any unpermitted reason, the non-breaching party may enforce specific performance and/or seek damages, except as otherwise provided herein.

10. HAZARDOUS SUBSTANCES. The Seller has not made any representations regarding the presence of hazardous substances located on the property, and Buyer agrees to rely solely upon Buyer's own examination and testing (which is to be done, if at all, at Buyer's expense) regarding the possible existence of hazardous substances upon the property. "Hazardous Substances" is intended to include, but not be limited to, the following: asbestos, urea formaldehyde, lead, polychlorinated biphenyls, nuclear fuel or materials, chemical waste, radioactive materials, explosives, known carcinogens, petroleum products or contaminant, chemical material or substances defined as hazardous or as a pollutant or contaminant in, or the release or disposal of which is regulated by any law or regulation.

11. BROKER FEES: Sellers have not listed the Property with a real estate sales agent or broker and is not responsible for any broker fees or commissions.



12. CLOSING AGENT: NF Field Abstract Company, LLC, of Fergus Falls, MN shall be the closing agent and shall be responsible to conduct closing of the sale and purchase contemplated under this Agreement.
13. ENTIRE AGREEMENT: This Agreement is the entire agreement between the parties and supersedes all oral statements or representations, prior understandings, or agreements and may be modified only in writing signed by both parties.
14. AUTHORITY; BINDING EFFECT: The parties each represent and warrant to the other that they each have the full power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, and no consent of any other third party or entity is required to conclude the transaction contemplated hereby. This Agreement shall be binding upon and inure to the benefit of the parties and their heirs, executors, legal administrators, successors, and assigns.
15. ASSIGNMENT: This Agreement is not assignable or transferable by Buyer without the advance written consent of Seller, which consent will not unreasonably be withheld.
16. MULTIPLE COUNTERPARTS: This Agreement may be executed with any number of counterpart signature pages and when all counterpart signature pages are combined with such other counterpart signature pages, shall for all purposes, be deemed to be an original.
17. TIME OF THE ESSENCE: Time is of the essence in performance of this Agreement and the obligations hereunder.
18. FURTHER ASSURANCES: Each party will, when reasonably requested by the other, execute, acknowledge, and deliver or cause to be executed, acknowledged, and delivered, such further or other instruments or documents as may be necessary to carry out the intent and purposes of this Agreement.
19. GOVERNING LAW; JURISDICTION: This Agreement and the performance of the parties hereunder shall be governed by Minnesota law.
20. DAMAGE TO PROPERTY: If there is any loss or damage to the Property between the Effective Date and the Closing Date, the risk of loss remains with Seller. If there is any material loss or damage to the Property prior to the Closing Date, Seller shall notify Purchaser of such damage and Purchaser shall have the right to terminate this Agreement within ten (10) days after the date of such notification. Upon Purchaser's timely written notice of termination, the Earnest Money shall be refunded to Purchaser, this Agreement shall be null and void, and neither Seller nor Purchaser shall be liable to the other for any damages. If timely written notice of termination is not received, Purchaser accepts the Property with the loss or damage to it and with no obligation by Seller to make any repairs or replacements or any adjustments to the Purchase Price.
21. SURVIVAL: All disclaimers, warranties, representations, and covenants of this Agreement shall survive and be enforceable after the Closing Date, subject to the statute of limitations provided by law.
22. NO TAX ABATEMENT. **Buyer has been advised the Property is not eligible for the Single and Two Family Tax Rebate program currently offered by the Seller and that an**

**application submitted for a city tax rebate under this program for this Property will be denied by the Seller. This provision shall survive closing and Seller agrees to disclose this provision regarding this restriction on the Property to any transferee.**

IN WITNESS WHEREOF, the parties have hereunto set their hands effective the day and date first above written.

**BEFORE YOU SIGN THIS CONTRACT, YOU SHOULD CONSULT WITH AN ATTORNEY TO DETERMINE THAT THIS CONTRACT ADEQUATELY PROTECTS YOUR LEGAL RIGHTS.**

Key Property Investments, a Minnesota limited liability company hereby agrees to purchase said Property for the price and upon the terms above mentioned and subject to all conditions herein expressed.

**BUYER**

\_\_\_\_\_  
Key Property Investments, a Minnesota limited liability company, by Andrew Yaggie, its authorized Member

The City of Fergus Falls, a Minnesota municipal corporation is the owner of the above-described property and the Fergus Falls City Council approves the above Agreement and the sale thereby made.

**SELLER**

\_\_\_\_\_  
City of Fergus Falls, a Minnesota municipal corporation,  
By: Ben Schierer, Mayor

\_\_\_\_\_  
City of Fergus Falls, a Minnesota municipal corporation.  
By: Andrew Bremseth, City Administrator

This Instrument was drafted by:  
ROLF H. NYCKLEMOE  
NYCKLEMOE & ELLIG, P.A.

Attorneys at Law  
106 East Washington Avenue  
Fergus Falls, MN 56537



# City Council Memo

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Page 1 of 1

**Meeting Date:**

June 3, 2024- City Council

**Subject:**

Introduction of Letter of Intent to purchase property from the City of Fergus Falls.

**Recommendation:**

Consider the attached LOI in an open session of City Council.

**Background/Key Points:**

1018 East Mount Faith Ave is bounded to the east by parcel 71002500083000, a small parcel owned by the City of Fergus Falls. For years the homeowners have assumed the parcel was simply part of their larger parcel, but recently discovered it's not. After discussion with the engineering department at the City of Fergus Falls and checking with local utilities, it has been determined that no harm would be done if the city parted with the parcel and allowed the homeowners to absorb it into their property. See attached cover letter and LOI from the homeowners.

The homeowners are offering a fair market price for the property based on county tax records. The parcel alone is not large enough for a home. Selling the property for family use is arguably the best and highest use of the property.

**Budgetary Impact:**

\$3,200 would be paid to the City of Fergus Falls for the purchase of the property.

**Originating Department:**

Administration

**Respectfully Submitted:**

Andrew Bremseth, City Administrator

May 29, 2024

Sarah Estep-Larson and Benjamin Durbin  
1018 East Mount Faith Avenue  
Fergus Falls, MN 56537

City of Fergus Falls  
Andrew Bremseth, City Administrator  
112 West Washington Avenue  
Fergus Falls, MN 56537

**Email:** [Andrew.Bremseth@ci.fergus-falls.mn.us](mailto:Andrew.Bremseth@ci.fergus-falls.mn.us)

RE: Intent to Purchase Real Property – Parcel Number 71-002-50-0083-000

Dear Mr. Bremseth,

We submit the accompanying Letter of Intent to request the City's consideration to allow us to purchase the 35' x 220' strip of land owned by the City of Fergus Falls (parcel no. 71002500083000) located directly to the east of our home at 1018 East Mount Faith Avenue in Fergus Falls (parcel no. 71002500084001). This land has been treated as part of the yard of our home for quite a length of time, and we have mowed and maintained the land, trimmed the lilac trees that line the far east side of the parcel, and maintained a sweet little peony garden near the street that appears to have been here since long before the home was purchased by Ben in 2017. Until looking into the property lines more closely last month through the County's GIS Web Map App in anticipation of finishing our driveway and exploring the options available to add a side parking pad or structure, it was not known to us that we did not own this small strip of land that we had thought was part of a yard. We have included a screenshot of the aerial view of the two parcels from the GIS webpage for reference.

To remedy this issue, we would like to submit our Letter of Intent to purchase the 0.18-acre parcel from the City so that it can be combined with our adjacent .52-acre parcel and we can continue to maintain the land as part of our yard and utilize it for our family's needs. We plan to finish our driveway by paving the gravel middle portion between the apron and our two-car garage so the driveway is uniform, and we would like to pour an additional slab off to the east of the present driveway so that we have a space for our children to park in the coming years. We had been hoping to move a two-stall garage with a finished upper level to use as a home office onto the space this spring, but that building has since sold while we worked to clarify the property lines of our lot and determine the necessary next steps. While we are disappointed to have missed the opportunity to purchase that particular building, we continue to consider future options that would further improve the property value and functionality of this land, but we cannot utilize this space without first making what we thought was our side yard *actually* our side yard. Early on this April, we were in contact with the City Engineering Department and the local utility companies to ensure we would be able to use the land in the manner we had originally planned. Matt Harrington, Senior Engineering Technician, was very helpful and responsive to our calls inquiring about the parcel, and he spoke with City Engineer Brian Yavarow and confirmed that they did not identify any issues or City sewer or utility access needs that would prevent our purchase of the land for the proposed use. Additionally, both Great Plains Natural Gas and Otter Tail Power Company representatives confirmed that there were no gas line or power line issues that would prevent the use of the land for our intended purpose. We have attached the email correspondence with the utility companies for your review and consideration.

Both the parcel on which our home is located and the adjacent parcel we wish to purchase from the City are zoned as R-1 (One Family Residence District), which should make combining the two parcels

easier. We have included a printout from the City of Fergus Falls GIS Map App showing the parcels within the same zoning district. We have also attached the CAMA data from the County Assessor's webpage and property tax information showing that this .18 acres tax-exempt parcel has been recently valued between \$2,800 and \$3,200. We would like to extend an offer to purchase the 7,679 square foot parcel for \$3,200.00, the estimated fair market value sale price of the land based off the 2024 Assessor's information regarding the parcel. Combining this parcel with our own would again make the land taxable as part of our residential homestead property, benefiting the City and County with the regular payment of the additional property taxes assessed going forward. There are no anticipated costs to be incurred by the City or public from the sale of this parcel, and transferring this land to be combined with that on which our home sits would not restrict the City's access to the 1.70-acre City-owned parcel directly behind our property (parcel no. 71002500100000), as that land is directly adjacent to an additional 1.22 acres also owned by the City (parcel no. 71002500094000). The 1.22-acre parcel also includes a 35' x 220' strip which has an access road used to reach the larger back portion and the homes of our neighbors at 1024 and 1028 East Mount Faith Avenue and would not be impacted by our proposed purchase aside from our request to grant us an easement to use the road to access our property from the road that is already in existence. A screenshot of the aerial view of this larger parcel from the GIS webpage is attached for reference.

We do not anticipate significant costs or expenses to us as the buyers at the present time beyond the purchase price of the land, as there are no hazards or current structures on the parcel to address through demolition, remediation, etc. Our request to purchase is not conditional upon our ability to obtain financing, as we are making a cash offer. The proposed improvements detailed above would only be made after receiving all necessary permits from the City and County authorities and would conform with all zoning rules and regulations. We would confer with and contract with various professionals for work that is outside our skill level and prior experience once another building is purchased for moving to the location or to construct a new building on-site. Any such improvements, once completed, would further increase the tax assessed value and provide for additional tax income to the benefit of the City and County.

Please do not hesitate to contact us regarding our request, and please do let us know if there is any additional information or amendments to the submission required to ensure that it conforms with the City's Policy and Procedures for Disposition of City Owned Real Estate. We ask that should City staff determine that our proposal meets requirements and substantially accomplishes the objectives and goals of the Policy, that it be presented to the City Council for consideration and approval for a resolution authorizing the contract for sale of the land we hope to acquire so that a formal, definitive purchase agreement regarding the same may be drafted and executed. We respectfully request a closing date to be set for August 1<sup>st</sup>, or earlier if agreed upon in writing between the parties, as we would like to take possession of the land immediately upon closing so that we may begin coordinating any improvements that are able to be completed this summer.

Thank you kindly for your time and for your consideration of our proposal. We look forward to hearing from you.

Sincerely,



Sarah Estep-Larson and Benjamin Durbin

Encl.

71002500083000 X Show search results for 71002...



Parcel: 71002500083000

E-911 ADDRESS:  
ACRES: 0.18  
SQFT: 7,679  
OWNER: CITY OF FERGUS FALLS  
TOWNSHIP: 133  
SECTION: 35  
RANGE: 043  
JURISDICTION: FERGUS FALLS/544/HRA

[Request Address/Replace Sign](#)

[Advanced Search](#)  
[Property Sales Search](#)

[Request Address/Replace Sign](#)

[Zoom to](#)



### G.I.S. Web Map App

- [Map Overview \(Video help\)](#)
  - [How to use Layers](#)
  - [Using Identifiy](#)
  - [How to Search](#)
  - [How to Query by Parcel by Shape by Name by Address by/Read Name](#)
  - [How to Create a Buffer](#)
  - [Download data to CSV for Excel](#)
  - [How to Select](#)
  - [How to Measure](#)
  - [How to use the Draw Tool](#)
- [MAP USAGE TIPS/PDF](#) | [RIGHT-CLICK](#), save link as
- Contact GIS Office  
[Give Feedback](#)  
[Report an Error](#)
- [Otter Tail County Web Site](#)

## Gas Question

Scheuerman, Kent <kent.scheuerman@gpng.com>

Thu 4/18/2024 2:13 PM

To: Sarah Estep <SEstep@lsnmlaw.org>

Cc: Stock, Megan <Megan.Stock@gpng.com>

You don't often get email from kent.scheuerman@gpng.com. [Learn why this is important](#)

Hi Sarah- Per your question about the property to the East of 1018, we do not have gas lines that run in that North/South corridor. We do have a gas line that parallels the curb along Mt Faith Ave.

Thanks



Kent Scheuerman  
Great Plains Natural Gas  
C. 218-770-3697



question on clearance

Larsen, Andrew B. <alarsen@otpc.com>

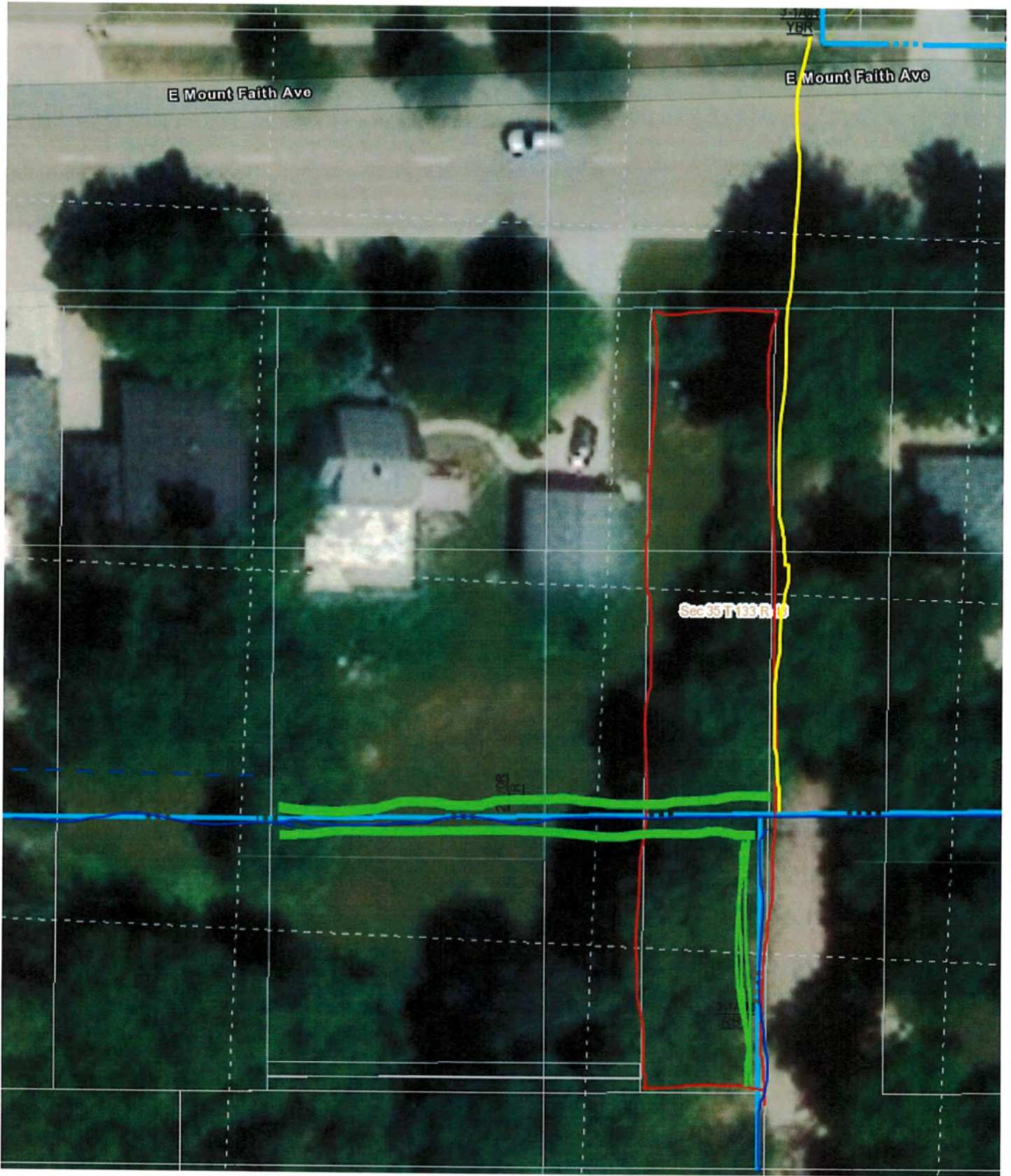
Wed 4/24/2024 12:53 PM

To: Sarah Estep <SEstep@lsnmlaw.org>

You don't often get email from alarsen@otpc.com. [Learn why this is important](#)

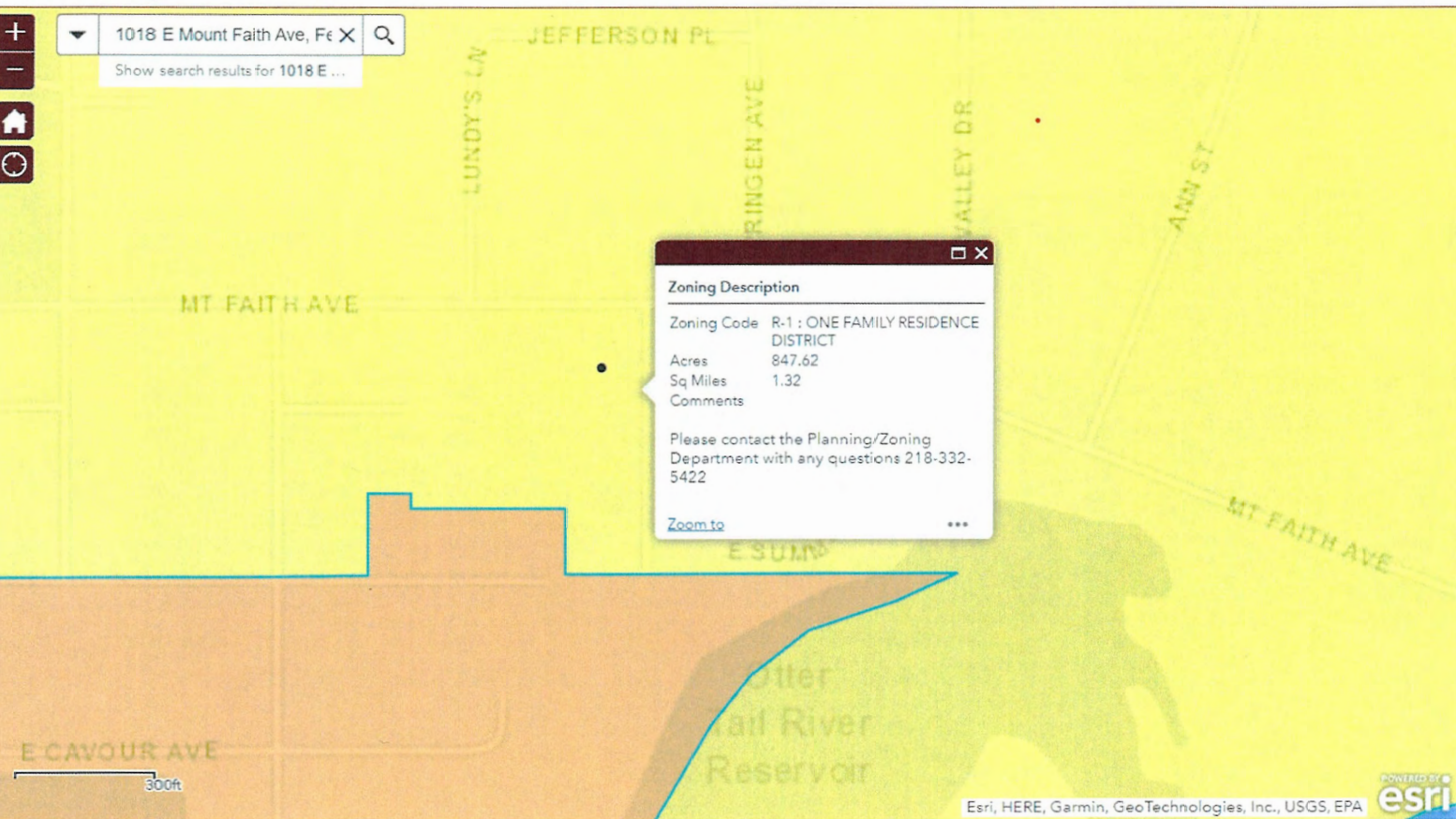
Hello,

Below is a picture of the parcel in question outlined in red, our electrical lines are in blue, and the green is the approximate clearance area around the lines that are required. According to the service rep, those wires crossing E. Mt. Faith Ave and heading south down that alley are guide wires (yellow lines in picture) until they meet up to the electrical line, and there should be no conflict with you putting a structure where you mentioned as the guide wires don't really need a "clearance area". Thank you!



**Andy Larsen**  
Land Specialist  
Otter Tail Power Company  
218-739-8318  
Cell: 218-205-1004  
otpco.com

Public Zoning for the City of Fergus Falls



**Zoning Description**

Zoning Code: R-1 : ONE FAMILY RESIDENCE DISTRICT

Acres: 847.62

Sq Miles: 1.32

Comments:

Please contact the Planning/Zoning Department with any questions 218-332-5422

[Zoom to](#)

Legend

- Zoning**
- R-A : AGRICULTURAL RESIDENCE DISTRICT
  - R-1 : ONE FAMILY RESIDENCE DISTRICT
  - R-2 : ONE & TWO FAMILY RESIDENCE DISTRICT
  - R-3 : MULTIPLE FAMILY RESIDENCE (TOWNHOUSE)
  - R-4 : MULTIPLE FAMILY RESIDENCE DISTRICT
  - B-1 : LIMITED BUSINESS DISTRICT
  - B-2 : SERVICE BUSINESS DISTRICT
  - B-3 : GENERAL BUSINESS DISTRICT
  - B-6 : SUB-REGIONAL SHOPPING CENTER
  - I-1 : PLANNED INDUSTRIAL DISTRICT
  - I-2 : GENERAL INDUSTRIAL DISTRICT
  - I-3 : PLANNED INDUSTRIAL DISTRICT

# OTTER TAIL COUNTY ASSESSOR

Assessor Hub provided by Vanguard Appraisals, Inc 

**Parcel Number:** 71-002-50-0083-000  
**Deed Holder:** CITY OF FERGUS FALLS  
**Property Address:**  
**Mailing Address:** 112 WASHINGTON AVE W  
 FERGUS FALLS, MN 56537 USA  
**PDF Name:** EXEMPT  
**Subdivision:** N/A  
**Sec-Twp-Rng:** 35-133-043  
**Legal Description:** SECT-35 TWP-133 RANGE-043 .17 AC E 35' OF N 220' OF SUB LOT 11 (TAX FORFEITED)

## No image to display

### Prior Year Value Information

Year	Land Value	Dwelling Value	Improvement Value	Total Value
2024	\$3,200	\$0	\$0	\$3,200
2023	\$2,800	\$0	\$0	\$2,800
2022	\$2,800	\$0	\$0	\$2,800

### Land Front Foot Information

Lot	Front	Rear	Side 1	Side 2
Main Lot	35.00	35.00	220.00	220.00

### GIS Map Information

# Otter Tail County

Property Information, Owner, Legal Description, and Assessed Values displayed below are taken from the Tax Statements (good as of the date the tax statements were printed).

The Taxes, Special Assessments, Penalty, Interest, Paid To Date, Balance Due, Installment, Receipt information, and History is live information (accessed live from the County's Tax System dynamically).

<b>Property Information</b>	
<b>Parcel Number</b> 71002500083000	<b>Payable Year:</b> 2024
<b>Property Address</b>	<b>Tax Roll Type:</b> Real Estate
	<b>Jurisdiction :</b>
	<b>School District:</b>
<b>Owner Information</b>	
Primary Taxpayer/Owner	
<b>Legal Description</b>	
Plat:	

Real Estate and Personal Property Taxes are determined using the previous year assessment value. Mobile Home Taxes are determined using the current year assessment value.

*\*\*Additional reductions in taxable value may apply due to special tax deferrals, This Old House, Plat Laws, etc.*

### Property Classification:

Assessment Year	Payable Year
	Total Tax \$0.00
	Penalty \$0.00
	Interest \$0.00
	Fee \$0.00
	Tax/Asmts \$0.00
	Total \$0.00
	Paid To Date \$0.00
	<b>Unpaid Balance \$0.00</b>



May 29, 2024

Sarah Estep-Larson and Benjamin Durbin  
1018 East Mount Faith Avenue  
Fergus Falls, MN 56537

City of Fergus Falls  
Andrew Bremseth, City Administrator  
112 West Washington Avenue  
Fergus Falls, MN 56537

**Email:** [Andrew.Bremseth@ci.fergus-falls.mn.us](mailto:Andrew.Bremseth@ci.fergus-falls.mn.us)

**RE: Letter of Intent to Purchase Real Property – Parcel Number 71-002-50-0083-000**

Dear Mr. Bremseth,

This letter of intent (the “Letter”) serves to outline the general terms and conditions for the sale of the 35’ x 220’ tract of land recorded as parcel no. 71002500083000 (the “Parcel”), which is located directly to the east of our home at 1018 East Mount Faith Avenue located directly to the east of our home at 1018 East Mount Faith Avenue in Fergus Falls (parcel no. 71002500084001). Subject to the preparation and execution of a final, definitive purchase agreement, approval by any state and/or governmental entities/agencies, and related final, definitive ancillary agreements satisfactory in form and substance to the counsel for the City of Fergus Falls (“the City”) and Sarah Estep-Larson and Benjamin Durbin (the “Buyers”), the terms of the transaction are understood be substantially as set forth below.

This agreement was ratified and approved by the Fergus Falls City Council on \_\_\_\_\_, 2024.

1. Structure of the Transaction: The Buyers shall purchase from the City the Parcel depicted on the attached Exhibit A for the purpose of combining the small parcel with their adjacent homestead parcel directly to the west. Further, the City agrees that within that portion of its property located immediately to the east of the Parcel (parcel no. 7100250009400), depicted on attached Exhibit B, it will provide to Buyers a sufficient easement for access. The City shall retain all rights of use and access to and upon, over, and under the access easement on their 1.22-acre parcel.
2. Purchase Price: The purchase price for the Parcel is \$3,200.00, the fair market value of the .18-acre tract, and is to be paid in cash at closing.
3. Condition of Property: There are no physical structures or foundations for removal by the City prior to the closing. The Buyers agree to purchase the Parcel “as is” without additional inspection.

4. Ancillary Agreements: In addition to the purchase agreement, subject to Buyers' continued use and possession of the Parcel, Buyers and the City expect to enter into the following agreements in connection with the closing:
  - a. Easement/approval for Buyers to utilize the access road located on the City's parcel no. 71002500094000, which runs the length of the Parcel directly to the east of the Parcel.
5. Third Party Consents: The closing of the transactions describe in this Letter will be contingent on obtaining all consents of third parties, including governmental authorities, necessary to permit the parties to complete these transactions.
6. Due Diligence: Each party will immediately commence such due diligence investigation as it deems appropriate for the Parcel to be conveyed and will cooperate with the other party with respect to reasonable request made by such other party with respect to such investigations.
7. Non-Binding Nature of Letter of Intent; Definitive Agreements: It is understood that none of the provisions of this letter will be legally binding. The legal obligations of the parties shall be only as set forth in a duly negotiated and executed definitive agreement, which, in addition to the terms outlined herein, will contain such other terms, including covenants, representations, warranties, and conditions, as the parties consider appropriate, and into which this Letter of Intent and all prior discussion will merge. After execution of this Letter, the City and the Buyers shall negotiate in good faith to finalize and execute a purchase agreement.
8. Conditions: The consummation of the transaction contemplated by this Letter will be contingent upon the occurrence prior to or at the closing of each of the following:
  - a. completion by the City and its representatives of all legal and business due diligence;
  - b. preparation by the City of the definitive agreements described above in form and substance reasonably acceptable to the Buyers; and
  - c. the receipt of all necessary or appropriate governmental approvals, licenses, and permits.
9. Fees and Expenses: Whether or not the transaction is consummated, each of the parties shall pay all fees and expenses incurred by them, including the fees of their respective attorneys and any others engaged with regard to the transaction. Each party represents and acknowledges that there have been no business brokers, investment banks, or other intermediaries involved in this transaction.



10. Termination: This Letter may be terminated:


- a. by the mutual written consent of the City and the Buyers;
- b. by either the City or the Buyers if the purchase agreement has not been executed by August 1, 2024;
- c. upon execution of the purchase agreement; or
- d. the Buyers not receiving approval they deem necessary and/or appropriate from any state and/or government approvals.

11. Miscellaneous: This Letter will be governed by and construed in accordance with the internal laws of the State of Minnesota. This Letter may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument. Signatures delivered by facsimile, electronic mail, or in PDF format shall be acceptable. This Letter may not be amended without the prior written consent of the City and the Buyers. No waiver by any party hereto of any right will be effective unless executed by such party in writing and delivered to the other party hereto.

All proposed details are subject to a change pending signed definitive agreements between the City and the Buyers and approvals by the City Council.

If you are in agreement with the foregoing, please confirm this with your signature below and return a copy to us.

Sincerely,

 5/29/24  
Sarah Estep-Larson

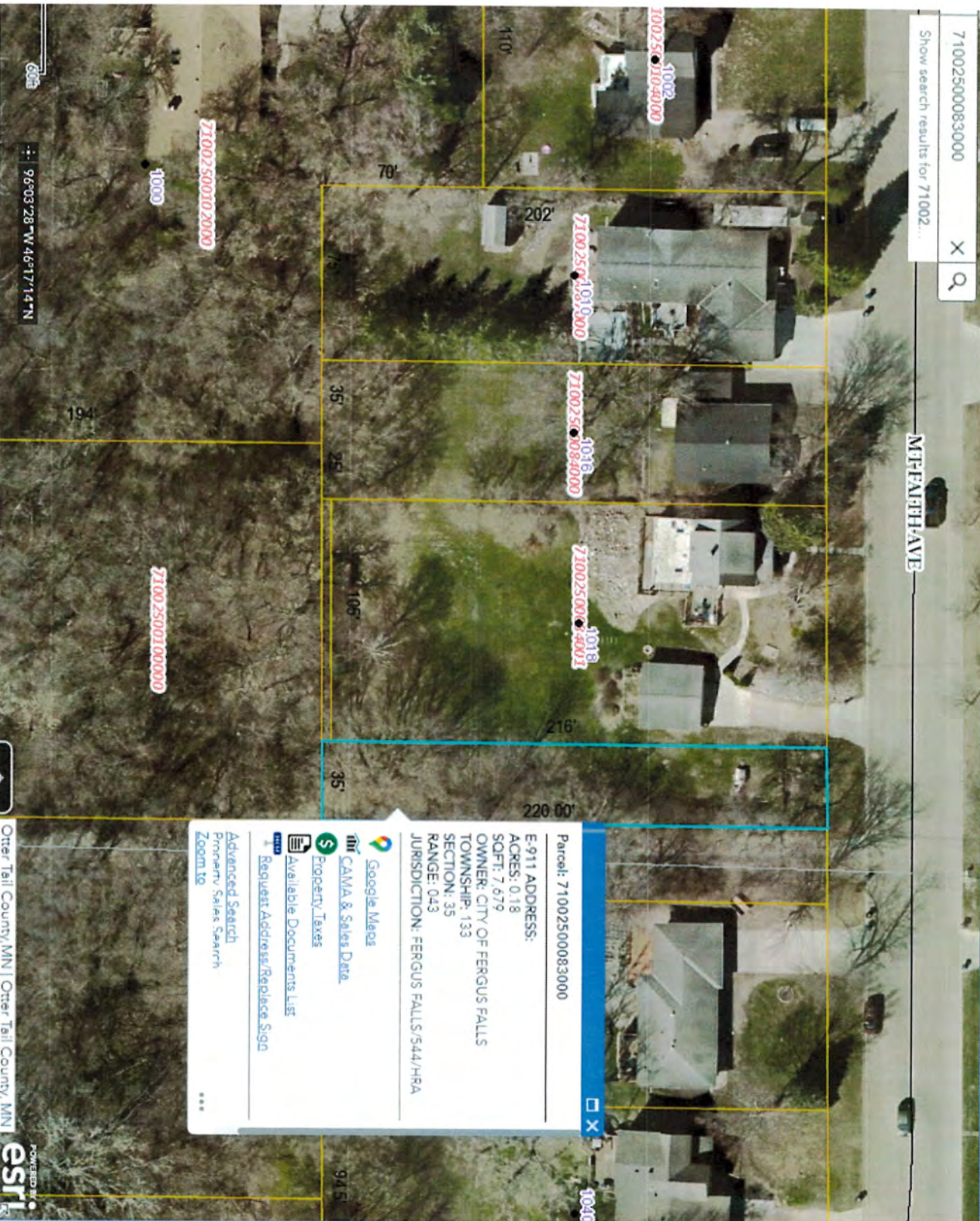
 5/29/2024  
Benjamin Durbin

ACCEPTED AND AGREED:

\_\_\_\_\_  
Andrew Bremseth, City Administrator

\_\_\_\_\_  
Ben Schierer, Mayor

71002500083000 X Search Show search results for 71002...



Parcel: 71002500083000

E-911 ADDRESS:  
ACRES: 0.18  
SQFT: 7,679  
OWNER: CITY OF FERGUS FALLS  
TOWNSHIP: 133  
SECTION: 35  
RANGE: 043  
JURISDICTION: FERGUS FALLS/544/HRA

Google Maps  
CAMA & Sales Data  
Property/Taxes  
Available Documents List  
Request Address/Replace Sign

Advanced Search  
Priority Sales Search  
Zoom to

Help



### OTTER TAIL COUNTY - MINNESOTA

#### G.I.S. Web Map App

- [Map Overview \(Video help\)](#)
- [How to use Layers](#)
- [Using Identity](#)
- [How to Search](#)
- [How to Query by Parcel, by Shape, by Name](#)
- [Address by Road Name](#)
- [How to Create a Buffer](#)
- [Download data to CSV for Excel](#)
- [How to Select](#)
- [How to Measure](#)
- [How to use the Draw Tool](#)

[MAP USAGE TIPS \(PDF\) RIGHT-CLICK, see](#)

[Contact GIS Office](#)  
[Give Feedback](#)  
[Report an Error](#)

[Otter Tail County Web Site](#)

Exhibit A

71002500083000 X Q

Show search results for 71002...

MC-FEAL:EHAVE

Parcel: 71002500094000

E 911 ADDRESS:  
ACRES: 1.22  
SQFT: 53,082  
OWNER: CITY OF FERGUS FALLS  
TOWNSHIP: 133  
SECTION: 35  
RANGE: 043  
JURISDICTION: FERGUS FALLS/544/HRA

- Google Maps
- View CAMA & Sales Data
- Property Taxes
- Available Documents List
- Request Address/Replace Sign
- Advanced Search
- Primary Sales Search
- Zoom to



Help



OTTER TAIL COUNTY - MINNESOTA

G.I.S. Web Map App

Map Overview (Video help)

How to use Layers

Using Identity

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How to Measure

How to use the Draw Tool

MAP USAGE TIPS (PDF) RIGHT-CLICK, see

Contact GIS Office

Give Feedback Report an Error

Otter Tail County Web Site

Exhibit B

**ORDINANCE NO. 58, EIGHTH SERIES**

**AN ORDINANCE OF THE CITY OF FERGUS  
FALLS, MINNESOTA, RELATING TO CANNABIS,  
AMENDING CHAPTER 154.002 DEFINITIONS,  
CHAPTER 154.040, B-6, SHOPPING CENTER  
BUSINESS DISTRICT AND CHAPTER 154.041, I-1,  
PLANNED INDUSTRIAL DISTRICT OF THE CITY  
CODE.**

THE CITY OF FERGUS FALLS DOES ORDAIN:

Section 1. City Code Chapter 154.002, Definitions, Cannabis Business is hereby added to read as follows:

***CANNABIS BUSINESS.*** “Cannabis Business” means any of the cannabis businesses licensed by the State of Minnesota pursuant to MSA Chapter 342.

Section 2. City Code Chapter 154.040, B-6, Shopping Center Business District, subparagraph (B)(2), is hereby amended by adding the following uses:

(g) Cannabis Retailer;

(a) A cannabis retailer shall not be located within 250 feet from any public or private school, daycare, residential treatment facility, and from any other cannabis business.

(h) Cannabis Microbusiness;

(a) A cannabis microbusiness shall not be located within 250 feet from any public or private school, daycare, residential treatment facility, and from any other cannabis business.

(b) A cannabis microbusiness can operate in a B-6 zone for food processing and packaging purposes if no industrial processing or processing of raw materials is allowed.

(i) Cannabis Mezzobusiness;

(a) A cannabis mezzobusiness shall not be located within 250 feet from any public or private school, daycare, residential treatment facility, and from any other cannabis business.

(b) A cannabis mezzobusiness can operate in a B-6 zone for food processing and packaging purposes if no industrial processing or processing of raw materials is allowed.

(j) Cannabis Cultivator;

(a) A cannabis cultivator shall not be located within 250 feet from any public or private school, daycare, residential treatment facility, and from any other cannabis business.

(b) If in a zone other than an agricultural zone, a cannabis cultivator can only grow indoor of up to 30,000 square feet and not permitted to grow outdoors.

(c) A cannabis cultivator can operate in a B-6 zone for growing, cultivating and packaging purposes if no industrial processing or processing of raw materials is allowed.

Section 3. City Code Chapter 154.041, I-1, Planned Industrial District, (B), is amended by adding the following uses:

(24) Cannabis Retailer;

(a) A cannabis retailer shall not be located within 250 feet from any public or private school, daycare, residential treatment facility, and from any other cannabis business.

(25) Cannabis Microbusiness;

(a) A cannabis microbusiness shall not be located within 250 feet from any public or private school, daycare, residential treatment facility, and from any other cannabis business.

(b) A cannabis microbusiness can operate in a I1 through I3 zone for food processing and packaging purposes, industrial processing, processing of raw materials, and retail sales with proper state licensing.

(26) Cannabis Mezzobusiness;

(a) A cannabis mezzobusiness shall not be located within 250 feet from any public or private school, daycare, residential treatment facility, and from any other cannabis business.

(b) A cannabis mezzobusiness can operate in a I-1 zone for food processing and packaging purposes, industrial processing or processing of raw materials.

the following use:

(27) Cannabis Cultivator;

(a) A cannabis cultivator shall not be located within 250 feet from any public or private school, daycare, residential treatment facility, and from any other cannabis business.

(b) If in a zone other than an agricultural zone, a cannabis cultivator can only grow indoor of up to 30,000 square feet and not permitted to grow outdoors.

(c) A cannabis cultivator can operate in a I-1 zone for growing, cultivating, processing and packaging and processing of raw materials.

(28) Cannabis Manufacturer;

(a) A cannabis manufacturer shall not be located within 250 feet from any public or private school, daycare, residential treatment facility, and from any other cannabis business.

(b) A cannabis manufacturer can operate in a I-1 zone for food processing and packaging purposes, manufacturing, industrial processing or processing of raw materials.

(29) Cannabis Wholesaler;

(a) A cannabis wholesaler shall not be located within 250 feet from any public or private school, daycare, residential treatment facility, and from any other cannabis business.

(b) A cannabis wholesaler can operate in a I-1 zone for food processing and packaging purposes, manufacturing, industrial processing or processing of raw materials.

Section 4. Effective date. The effective date of this ordinance shall be the \_\_\_\_\_ day of \_\_\_\_\_, 2024.

Section 5. Summary Publication. Pursuant to Minn. Stat. §412.191, in the case of a lengthy ordinance, a summary may be published. While a copy of the

entire ordinance is available without cost at the office of the City Clerk, the following summary is approved by the City Council and shall be published in lieu of publishing the entire ordinance.

**ORDINANCE NO. 58, EIGHTH SERIES**

**AN ORDINANCE OF THE CITY OF FERGUS FALLS, MINNESOTA, RELATING TO CANNABIS, AMENDING CHAPTER 154.002 DEFINITIONS, CHAPTER 154.040, B-6, SHOPPING CENTER BUSINESS DISTRICT AND CHAPTER 154.041, I-1, PLANNED INDUSTRIAL DISTRICT OF THE CITY CODE.**

THIS ORDINANCE was introduced on the \_\_\_\_\_ day of \_\_\_\_\_, 2024, and adopted by the City Council of the City of Fergus Falls, Minnesota, on the \_\_\_\_\_ day of \_\_\_\_\_, 2024, by the following vote:

AYES:

NAYS:

ATTEST:

APPROVED:

\_\_\_\_\_  
City Administrator

\_\_\_\_\_  
Mayor

Published in the Fergus Falls Daily Journal on \_\_\_\_\_.

[barb/acityoffergusfalls/ords/8thseries/Ord58](http://barb/acityoffergusfalls/ords/8thseries/Ord58)

## RESOLUTION ALLOWING CLAIMS &amp; ORDERING PAYMENT THEREOF

WHEREAS, THE CITY ADMINISTRATOR HAS AUDITED AND THE DEPARTMENTS HAVE APPROVED THE FOLLOWING CLAIMS AGAINST THE CITY OF FERGUS FALLS, AND HAVE CERTIFIED THAT SUCH CLAIMS ARE PROPERLY PAYABLE BY THE SAID CITY, AND THAT THE SAID CITY ADMINISTRATOR HAS VERIFIED SUCH CLAIMS TO BE PAID AND HAS SATISFIED HIMSELF THAT SUCH BILLS AND CLAIMS ARE PROPER CHARGES AGAINST THE CITY OF FERGUS FALLS;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FERGUS FALLS, MINNESOTA, THAT THE FOLLOWING BILLS AND CLAIMS BE AND THEREBY ARE, ORDERED PAID OUT OF THE FOLLOWING FUNDS:

## General

A-1 LOCK & KEY LLC	MAY INSTALL HINGE/CONCESSIONS	623.00
ADMINISTRATOR'S CONTINGENCY FD	3 PARK & REC CONCESSION BAGS	450.00
ALEXANDRIA TECHNICAL COLLEGE	TUITION/HEERTS-#16502849	3,811.19
ALEXANDRIA TECHNICAL COLLEGE	TUITION/UHRICH-#16624119	3,811.19
ARENA WAREHOUSE LLC	MAY TWINE TO REPAIR NETS	744.60
ARTS MACHINERY REPAIR DBA	MAY REPAIR BELL/CLOCK TOWER	250.00
CSG JANITORIAL	CLEANING 5/12-5/19	260.00
CARLSON & STEWART REFRIDGERATI	MAY AMMONIA LEAK/COMPRESSOR	1,281.00
CARLSON & STEWART REFRIDGERATI	MAY SHERLOCK PANEL	1,358.50
CARLSON & STEWART REFRIDGERATI	MAY VALVE O-RING REPLACEMENT	25.31
TRAVIS CARLSON	LOCAL TAX	.15-
TRAVIS CARLSON	OTC TAX	.15-
TRAVIS CARLSON	STATE TAX	2.00-
CHARTER COMMUNICATIONS	CABLE 03/18-04/17/24	34.82-
CHARTER COMMUNICATIONS	CABLE 04/18-05/17/24	32.97
CHARTER COMMUNICATIONS	CABLE 05/18-06/17/24	32.97
CODE 4 SERVICES INC	UNIT #3049 EMERGENCY LIGHTING	8,066.23
COLE PAPERS INC	MAY DOODLE SCRUB, FLOOR PADS	1,885.00
COMM OF FINANCE, TREAS DIV	FORF SHARE/WILLIAMS 24001039	89.00
COOPERS TECHNOLOGY GROUP	MAY PENS,WALL CLIPS,HIGHLIGHTE	99.35
COOPERS TECHNOLOGY GROUP	MAY SPIRAL MEMO PADS,MARKERS	30.24
COSSETTE ELECTRIC LLC	MAY INSTALL NEW PHOTOCELL ON	113.25
COSSETTE ELECTRIC LLC	MAY INTERSECTION LIGHTS ON THE	92.00
DACOTAH PAPER CO	MAY TOILET PAPER,DISP LNF WHT	110.04
DAILY JOURNAL	MAY 3RD WARD VACANCY NOTICE	82.30
EQUIPMENT FUND	JUNE EQUIPMENT RENT	127,704.85
F F UMPIRES ASSOCIATION	2024 LEAGUE GAMES	9,576.00
GENERAL FUND	ADJ PI 5333 GEN MSA FUNDING	151,961.55-
GENERAL FUND	2ND QTR 2024 FIXED EXPENDITURE	506,531.10-
GRAINGER INC	MAY BRINE TANK BOLT BULKHEAD	112.97
GRAINGER INC	MAY BRINE TANK VALVE/BULKHEAD	67.99



## General

GRAINGER INC	MAY FIRE HOSE ADAPTER STRAIGHT	48.27
GRAINGER INC	MAY REFLECTIVE TAPE	108.20
GREAT PLAINS FIRE	2024 TURN OUT GEAR	13,420.00
GREAT PLAINS NATURAL GAS CO	MAY NATURAL GAS EXPENSE	1,145.97
HOME DEPOT CREDIT SERVICES	MAY CONCESSION STAND CHAIR REP	3.17
HOME DEPOT CREDIT SERVICES	MAY DYNAFLEX ULTRA ADVANCE	8.78
HOME DEPOT CREDIT SERVICES	MAY FLOOR SENSOR COVER	7.42
HOME DEPOT CREDIT SERVICES	MAY FLOOR SENSOR/NORTH RINK	14.20
HOME DEPOT CREDIT SERVICES	MAY ROLLER COVER	10.84
HOME DEPOT CREDIT SERVICES	MAY SILICONE	25.96
JK SPORTS	BASEBALL JERSEYS, SUBLIMITED	9,954.00
L G EVERIST INC	MAY FA2 CRUSHED GRANITE	1,439.42
LAKE REGION HEALTHCARE CORP	APRIL PRE-EMPLOY DRUG SCREEN	37.50
LEAGUE OF MN CITIES INS. TRUST	RECEIPT 2024 WORKERS' COMP	512,007.22-
LEAGUE OF MN CITIES INS. TRUST	2024 WORKERS' COMP INSURANCE	387,569.20
LOCATORS & SUPPLIES INC	MAY WHITE CONSTRUCTION MARKING	111.98
LOCATORS & SUPPLIES INC	MAY WHITE MARKING PAINT/CHALK	128.97
VICTOR LUNDEEN COMPANY	MAY LASER UTILITY BILLS	2,778.26
MARCO TECHNOLOGIES LLC	UPGRADE CITY FW PER QUOTE	5,019.84
MARCO TECHNOLOGIES LLC	COPIER CONTRACT 5/10-6/10	368.15
MARCO TECHNOLOGIES LLC	COPIER OVERAGE 02/10-05/10	38.87
MIDWEST PRINTING COMPANY	ANNUAL REPORT COVERS W/BACKS	20.00
MIDWEST PRINTING COMPANY	MAY CITY HALL NOTECARDS	90.00
MN STATE COMMUNITY & TECH COLL	APRIL MOORHEAD FIRE SCHOOL	150.00
NEO ELECTRICAL SOLUTIONS LLC	MAY AIRFIELD/PAPIS SEMIANNUAL	3,275.00
NEO ELECTRICAL SOLUTIONS LLC	MAY MALSR SEMI ANNUAL INSPECT.	3,653.68
NYCKLEMOE & ELLIG, P.A.	JUNE RETAINER FEE/OFFICE ALLOW	7,450.00
OTTER TAIL COUNTY HIGHWAY DEPT	MARCH DECORATIVE LTS ROUNDABOU	14.52
OTTER TAIL COUNTY TREASURER	FORF SHARE/WILLIAMS 24001039	178.00
OTTERTAIL GLASS COMPANY	MAY CITY HALL FRONT LIGHT	14.00
PITNEY BOWES CREDIT CORP	03/30-06/29/24 METER RENT	705.00
POLICE DEPT CONTINGENCY FUND	CANTRELL FORF TITLE/24002859	29.00
POLICE DEPT CONTINGENCY FUND	POSTAGE REFILL	500.00
POLICE DEPT CONTINGENCY FUND	UHRICH PSYCH ASSESSMENT	475.00
POLICE DEPT CONTINGENCY FUND	WILLIAMS FORF TITLE/24001039	29.00
PUBLIC UTILITIES DEPARTMENT	MAY PUBLIC UTILITIES	5,151.24
PUBLIC UTILITIES DEPARTMENT	MAY/UTILITIES-522 E HAMPDEN	40.34
SUMMIT COMPANIES	ANNUAL FIRE EXTINGUISHER INSPE	749.00
SUNSET LAW ENFORCEMENT LLC	HORNADY 5.56 53 GR PATROL AMMO	577.25
USABLE LIFE	MAY LIFE INSURANCE	81.40
VERIZON WIRELESS	MAY CELL PHONE EXPENSE	958.39
WADENA ASPHALT INC	MAY BIT MIX OT DRIVE/FRIBERG/S	560.00
WADENA ASPHALT INC	MAY BIT MIX SHOPKO PARKING LOT	420.00

## General

WEX	APRIL FLEX/HSA PART FEE	149.05
WIMACTEL INC	MAY TELEPHONE EXPENSE	99.00
	F U N D   T O T A L	562,219.17-

## P.A. General

COMSTOCK CONSTRUCTION INC	MAILBOX FOUNDATION/INSTALLATIO	1,575.00
JOHNSON CONTROLS INC	MONTHLY MAINT -HVAC APR	798.60
LEAGUE OF MN CITIES INS. TRUST	2024 WORKERS' COMP INSURANCE	619.16
NOVA FIRE PROTECTION, LLC	QUARTERLY SPRINKLER INSPECTION	185.00
UGSTAD PLUMBING INC	JUNE RETAINER FEE	125.00
WEX	APRIL FLEX/HSA PART FEE	3.30
	F U N D   T O T A L	3,306.06

## Public Library

ADMINISTRATOR'S CONTINGENCY FD	MAY LOST BOOK	16.00
VESTIS	MAY LINEN SUPPLY	50.32
BAKER & TAYLOR INC	BOOK	665.59
BAKER & TAYLOR INC	FREIGHT SURCHARGE	13.31
BAKER & TAYLOR INC	PROCESSING	59.67
GENERAL FUND	2ND QTR 2024 FIXED EXPENDITURE	2,008.75
LAKES COUNTRY SERVICE COOP	MARCH RANDOM DRUG TESTING	35.00
LEAGUE OF MN CITIES INS. TRUST	2024 WORKERS' COMP INSURANCE	5,954.52
PUBLIC UTILITIES DEPARTMENT	MAY PUBLIC UTILITIES	330.51
SUMMIT COMPANIES	ANNUAL FIRE EXTINGUISHER INSPE	65.24
WEX	APRIL FLEX/HSA PART FEE	15.26
	F U N D   T O T A L	9,214.17

## Bigwood Event Center

## Bigwood Event Center

VESTIS	APRIL LINEN SUPPLY	196.28
VESTIS	MAY LINEN SUPPLY	239.22
BLUUM OF MINNESOTA LLC	01/01/25-08/31/25 MAINTENANCE	2,966.68
BLUUM OF MINNESOTA LLC	09/01/24-12/31/24 MAINTENANCE	1,483.32
VIKING COCA-COLA BOTTLING CO	MAY BEVERAGES	308.00
GENERAL FUND	2ND QTR 2024 FIXED EXPENDITURE	1,189.00
HOME DEPOT CREDIT SERVICES	MAY CORNER BRACE,PAN HEAD	11.85
LEAGUE OF MN CITIES INS. TRUST	2024 WORKERS' COMP INSURANCE	1,544.99
PUBLIC UTILITIES DEPARTMENT	MAY PUBLIC UTILITIES	582.89
VERIZON WIRELESS	MAY CELL PHONE EXPENSE	45.34
WEX	APRIL FLEX/HSA PART FEE	3.02
	F U N D   T O T A L	8,570.59

## Port Authority Bonds, Series 2019A

NORTHLAND TRUST SERVICES, INC.	ANNUAL PAYMENT/FEES	495.00
NORTHLAND TRUST SERVICES, INC.	SEMI-ANNUAL PAYMENT/INTEREST	38,925.00
NORTHLAND TRUST SERVICES, INC.	SEMI-ANNUAL PAYMENT/PRINCIPAL	65,000.00
	F U N D   T O T A L	104,420.00

## Capital Improvement

ADMINISTRATOR'S CONTINGENCY FD	RECORD DAIRY PROJ DECLARATION	46.00
BRAUN INTERTEC CORPORATION	PROF SERVICE THROUGH 5/10/2024	2,099.50
BRAUN INTERTEC CORPORATION	PROF SERVICE THROUGH 5/3/2024	1,720.00
CAPITAL IMPROVEMENT FUND	PI 5333 PROJECT FUNDING	11,175.05-
JOEL CARLSON INC.	JUNE LEGISLATIVE FEES	2,285.00
COMSTOCK CONSTRUCTION INC	PAY APP NO 13	257,727.45
GENERAL FUND	ADJ PI 5333 GEN MSA FUNDING	151,961.55
HAWKINS INC	CHEMICALS,MATERIALS SPLASH PAD	1,073.62
HOUSTON ENGINEERING INC	PROF SERVICES THRU 5/17/2024	5,934.75
INTERSTATE ENGINEERING INC.	PROF SERV 3/10/24 TO 5/11/24	1,773.86
INTERSTATE ENGINEERING INC.	PROF SERV 4/7/24 TO 5/11/24	36,421.92
LOCATORS & SUPPLIES INC	CONST. MARKING PAINT	55.99
RACHEL CONTRACTING INC	PAY APP NO. 4	166,962.50

## Capital Improvement

ZIEGLER INC.	MAY COMPACT CRAWLER BOOM LIFT	1,806.80
	F U N D   T O T A L	618,693.89

## Liquor Store

THE AMERICAN BOTTLING COMPANY	MAY/MIX	287.08
ARTISAN BEER COMPANY	MAY/BEER	2,265.55
ARTISAN BEER COMPANY	MAY/MIX	36.90
ARTISAN BEER COMPANY	MAY/THC BEVERAGES	1,954.00
BELLBOY CORPORATION	MAY/FREIGHT	81.64
BELLBOY CORPORATION	MAY/LIQUOR	5,145.70
BELLBOY CORPORATION	MAY/THC BEVERAGES	1,230.00
BELLBOY CORPORATION	MAY/WINE	360.00
BEVERAGE WHOLESALERS INC	MAY/BEER	62,642.82
BEVERAGE WHOLESALERS INC	MAY/LIQUOR	3,633.00
BEVERAGE WHOLESALERS INC	MAY/MIX	571.30
BEVERAGE WHOLESALERS INC	MAY/WINE	289.80
PATRICIA DILLON	MAY GLOVES, TROWEL, CULTIVATOR	26.31
BRAUN VENDING INC	MAY SUPPLIES-WATER	49.00
BREAKTHRU BEVERAGE MINNESOTA	MAY/FREIGHT	1,000.49
BREAKTHRU BEVERAGE MINNESOTA	MAY/LIQUOR	51,482.49
BREAKTHRU BEVERAGE MINNESOTA	MAY/MIX	458.49
BREAKTHRU BEVERAGE MINNESOTA	MAY/WINE	360.00
CAYAN	MAY 2024 MONTHLY SERVICE FEE	160.74
VIKING COCA-COLA BOTTLING CO	MAY/MIX	717.05
D-S BEVERAGES, INC.	MAY/BEER	33,282.31
D-S BEVERAGES, INC.	MAY/FREIGHT	647.65
D-S BEVERAGES, INC.	MAY/LIQUOR	6,895.92
D-S BEVERAGES, INC.	MAY/MIX	814.45
D-S BEVERAGES, INC.	MAY/THC BEVERAGES	3,995.34
D-S BEVERAGES, INC.	MAY/WINE	33.50
DACOTAH PAPER CO	MAY BAGS, ROLL THERMAL	244.23
MARGO DENBROOK	MAY SUPPLIES-POTTING SOIL	15.53
FERGUS BREWING COMPANY LLC	MAY/BEER	782.00
GENERAL FUND	2ND QTR 2024 FIXED EXPENDITURE	167,193.15
GREAT PLAINS NATURAL GAS CO	MAY NATURAL GAS EXPENSE	49.54
THE HOME CITY ICE COMPANY	MAY/FREIGHT #7651240217	15.00
THE HOME CITY ICE COMPANY	MAY/FREIGHT #7651240284	15.00
THE HOME CITY ICE COMPANY	MAY/ICE #7651240217	708.66

## Liquor Store

THE HOME CITY ICE COMPANY	MAY/ICE	#7651240218	461.60
THE HOME CITY ICE COMPANY	MAY/ICE	#7651240281	158.75
THE HOME CITY ICE COMPANY	MAY/ICE	#7651240284	370.44
JOHNSON BROTHERS LIQUOR CO	MAY/FREIGHT		914.27
JOHNSON BROTHERS LIQUOR CO	MAY/LIQUOR		33,228.22
JOHNSON BROTHERS LIQUOR CO	MAY/MIX		421.00
JOHNSON BROTHERS LIQUOR CO	MAY/WINE		12,869.08
LEAGUE OF MN CITIES INS. TRUST	2024 WORKERS' COMP INSURANCE		24,917.85
PHILLIPS WINE & SPIRITS CO	MAY/FREIGHT		323.70
PHILLIPS WINE & SPIRITS CO	MAY/LIQUOR		13,944.54
PHILLIPS WINE & SPIRITS CO	MAY/MIX		228.00
PHILLIPS WINE & SPIRITS CO	MAY/WINE		3,090.65
PUBLIC UTILITIES DEPARTMENT	MAY PUBLIC UTILITIES		495.58
SOUTHERN GLAZER'S OF MN	MAY/FREIGHT		38.85
SOUTHERN GLAZER'S OF MN	MAY/LIQUOR		22.71-
SOUTHERN GLAZER'S OF MN	MAY/WINE		1,106.64
TOTAL REGISTER SYSTEMS	FTP MONTHLY SERVICE		32.21
VERIZON WIRELESS	MAY CELL PHONE EXPENSE		78.32
WEX	APRIL FLEX/HSA PART FEE		20.22
	F U N D   T O T A L		440,121.85

## Refuse Disposal

WASTE MANAGEMENT	05/01-05/15/24 PRO SERVICES		6,306.87
EQUIPMENT FUND	JUNE EQUIPMENT RENT		46,971.08
GENERAL FUND	2ND QTR 2024 FIXED EXPENDITURE		86,059.65
HOUSTON ENGINEERING INC	2024 GWSW SPRING MONIT. TESTING		7,089.82
HOUSTON ENGINEERING INC	2024 GWSW 184 PROF SERVICES		9,953.70
HOUSTON ENGINEERING INC	2024 GWSW 572 SPRING TESTING		879.00
LEAGUE OF MN CITIES INS. TRUST	2024 WORKERS' COMP INSURANCE		46,006.93
PUBLIC UTILITIES DEPARTMENT	MAY PUBLIC UTILITIES		1,226.94
SUMMIT COMPANIES	ANNUAL FIRE EXTINGUISHER INSPE		272.19
VERIZON WIRELESS	MAY CELL PHONE EXPENSE		23.11
WEX	APRIL FLEX/HSA PART FEE		22.00
	F U N D   T O T A L		204,811.29

## Sewage Treatment

## Sewage Treatment

COSSETTE ELECTRIC LLC	MAY INSTALLED NEW TIMECLOCK	186.41
WASTE MANAGEMENT	5/15/24 DISPOSAL	515.09
EQUIPMENT FUND	JUNE EQUIPMENT RENT	13,569.00
GENERAL FUND	2ND QTR 2024 FIXED EXPENDITURE	98,709.65
GRAINGER INC	APRIL CABLE SUPPORT GRIP	313.74
GRAINGER INC	MARCH V-BELT	43.55
GRAINGER INC	NOVEMBER PLEATED AIR FILTER	153.60
GRAINGER INC	NOVEMBER PRESSURE GAUGE	30.97
HAWKINS INC	MAY CHLORINE/SULFUR DIOXIDE	40.00
HOME DEPOT CREDIT SERVICES	MAY RATP/STRAPS SEWER MARCIA	116.86
LEAGUE OF MN CITIES INS. TRUST	2024 WORKERS' COMP INSURANCE	18,645.04
LOCATORS & SUPPLIES INC	MAR EXIT SIGN,PVC WRIST GLOVE	34.84
LOCATORS & SUPPLIES INC	MAY PINK MARKING PAINT (TOM)	55.99
MINNESOTA PUMP WORKS	APR PULLED PUMP,REMOVED DEBRIS	1,056.70
MINNESOTA PUMP WORKS	APRIL HYDRAULIC KIT FOR ABS	4,358.02
MINNESOTA PUMP WORKS	APRIL SULZER/ABS MIXERS	23,954.00
MINNESOTA PUMP WORKS	MARCH ABS XFP100E CB1.4A	12,602.55
MINNESOTA PUMP WORKS	MARCH REPLACE GASKET/O-RING	1,116.19
MINNESOTA PUMP WORKS	MARCH SPARE PROFILE GASKETS	276.26
PUBLIC UTILITIES DEPARTMENT	MAY PUBLIC UTILITIES	4,727.15
RMB ENVIRONMENTAL LABORATORIES	MAY ANALYSIS	1,088.48
SPEE*DEE DELIVERY SERVICE INC	MAY SHIPMENTS	36.42
SUMMIT COMPANIES	ANNUAL FIRE EXTINGUISHER INSPE	301.95
VERIZON WIRELESS	MAY CELL PHONE EXPENSE	61.23
WEX	APRIL FLEX/HSA PART FEE	9.63
	F U N D   T O T A L	182,003.32

## Water

ADMINISTRATOR'S CONTINGENCY FD	MAY UTILITIES REFUND	93.58
CAPITAL IMPROVEMENT FUND	PI 5333 PROJECT FUNDING	2,601.09
TRAVIS CARLSON	HYDRANT RENT	14.00-
TRAVIS CARLSON	LESS WATER USAGE	15.09-
TRAVIS CARLSON	1" HYDRANT METER DEPOSIT	60.00
CORE & MAIN LP	MAY 2.5" HYDRANT HOSE NOZZLE	555.73
CORE & MAIN LP	MAY 2" REPAIR COUPLINGS	179.06
EQUIPMENT FUND	JUNE EQUIPMENT RENT	5,183.83
ETHANOL PRODUCTS, LLC	18.351 LBS MAY CO2	1,468.08
FASTENAL COMPANY	MAY MISC S/S HARDWARE (WTP)	120.80

## Water

FERGUSON WATERWORKS #1657	MAY CREDIT RETURNED 2" NIPPLES	106.75-
FERGUSON WATERWORKS #1657	MAY HYDRANT METER BRASS (CHAD)	905.26
FERGUSON WATERWORKS #1657	MAY VALVE BOX LID/ADAPTERS	880.08
FERGUSON WATERWORKS #1657	MAY 2" COMP COUPLER OAK GROVE	26.45
FERGUSON WATERWORKS #1657	MAY 2" COMP COUPLERS OAK GROVE	146.31
FERGUSON WATERWORKS #1657	MAY 3" DIRECT READ REGISTER	84.49
FERGUSON WATERWORKS #1657	MAY 3" HYDRANT METERS USG	5,386.36
FERGUSON WATERWORKS #1657	MAY 350XL RPZ DOUBLE CHECKS	3,997.20
FERGUSON WATERWORKS #1657	MAY 5/8X3/4 T10 METERS R900I	1,921.92
FERGUSON WATERWORKS #1657	MAY 6" REPAIR CLAMPS/SWVL ADAP	1,205.91
GENERAL FUND	2ND QTR 2024 FIXED EXPENDITURE	80,203.65
GRAINGER INC	MAY HYD METER ADAPTERS	228.54
GRAYMONT (WI) LLC	MAY HIGH CALCIUM QUICKLIME	8,978.64
GREAT PLAINS NATURAL GAS CO	MAY NATURAL GAS EXPENSE	1,048.20
HAWKINS INC	MAY AMMONIA EJECTOR REBUILD	124.59
HAWKINS INC	MAY CHLORINE/AMMONIA CYLINDERS	20.00
LEAGUE OF MN CITIES INS. TRUST	2024 WORKERS' COMP INSURANCE	16,320.33
PUBLIC UTILITIES DEPARTMENT	MAY PUBLIC UTILITIES	150.49
RMB ENVIRONMENTAL LABORATORIES	MAY 2ND HALF BACT MONITORING	188.10
SIGELMAN STEEL & SALVAGE CO	MAY HYD METER STAND MATERIALS	134.97
SUMMIT COMPANIES	ANNUAL FIRE EXTINGUISHER INSPE	97.80
VERIZON WIRELESS	MAY CELL PHONE EXPENSE	409.44
WEX	APRIL FLEX/HSA PART FEE	26.12
	F U N D   T O T A L	132,611.18

## Storm Water

CAPITAL IMPROVEMENT FUND	PI 5333 PROJECT FUNDING	8,573.96
COSSETTE ELECTRIC LLC	MAY ST.CHARLES POND PUMP FIX	92.00
EQUIPMENT FUND	JUNE EQUIPMENT RENT	12,359.58
GENERAL FUND	2ND QTR 2024 FIXED EXPENDITURE	26,999.25
HOME DEPOT CREDIT SERVICES	MAY POLYWALL PANEL COURT ST ST	25.98
RMB ENVIRONMENTAL LABORATORIES	MAY LAKE ALICE ANALYSIS	397.94
VERIZON WIRELESS	MAY CELL PHONE EXPENSE	40.01
WEX	APRIL FLEX/HSA PART FEE	1.65
	F U N D   T O T A L	48,490.37

## Equipment

AMERICAN WELDING & GAS, INC	MAY ARGON (SHOP)	51.05
AMERICAN WELDING & GAS, INC	MAY FACESHIELDS (FAB SHOP)	54.00
AUTO VALUE - FERGUS FALLS	MAY AIR FILTER (STOCK)	15.25
AUTO VALUE - FERGUS FALLS	MAY AIR FILTER UNIT 214	53.60
AUTO VALUE - FERGUS FALLS	MAY AIR FILTER UNIT 262	124.25
AUTO VALUE - FERGUS FALLS	MAY BATT CLEANER/SILICONE	49.47
AUTO VALUE - FERGUS FALLS	MAY CARB & CHOKE CLEANER	57.48
AUTO VALUE - FERGUS FALLS	MAY FASTDRY-SS-MIX (CODY SHOP)	406.10
AUTO VALUE - FERGUS FALLS	MAY FEMALE JIC FITTINGS U-255	62.58
AUTO VALUE - FERGUS FALLS	MAY FILTER ORDER UNIT 262	77.95
AUTO VALUE - FERGUS FALLS	MAY FOG/CORNER LAMP (STK)	21.98
AUTO VALUE - FERGUS FALLS	MAY GREASE SEAL UNIT 1191	13.99
AUTO VALUE - FERGUS FALLS	MAY HOSE CLAMPS (SHOP)	11.90
AUTO VALUE - FERGUS FALLS	MAY HYD FILTER (STK)	46.95
AUTO VALUE - FERGUS FALLS	MAY HYD FITTINGS UNIT 255	21.78
AUTO VALUE - FERGUS FALLS	MAY MALE PIPE SWIVEL FITT U255	71.78
AUTO VALUE - FERGUS FALLS	MAY OIL FILTER UNIT 2103	8.82
AUTO VALUE - FERGUS FALLS	MAY PARTS RETURN CREDIT	176.42-
AUTO VALUE - FERGUS FALLS	MAY PERMATEX COPPER	24.99
AUTO VALUE - FERGUS FALLS	MAY PERMATEX NICKEL (SHOP)	30.99
AUTO VALUE - FERGUS FALLS	MAY PREM 30/30 LONG STROKE CHA	165.12
AUTO VALUE - FERGUS FALLS	MAY SPARK PLUG BOOT U-476	2.49
AUTO VALUE - FERGUS FALLS	MAY STC DISCONNECT KIT U-951	39.99
AUTO VALUE - FERGUS FALLS	MAY STOCK BULBS/PIGTAILS	19.69
AUTO VALUE - FERGUS FALLS	MAY STOCK FILTER ORDER	110.95
AUTO VALUE - FERGUS FALLS	MAY STOCK FILTERS AT PARK DEPT	13.46
AUTO VALUE - FERGUS FALLS	MAY STOCK OIL FILTERS	13.23
AUTO VALUE - FERGUS FALLS	MAY STOCK 10W30 QUARTS	27.45
AUTO VALUE - FERGUS FALLS	MAY STT LAMP YELLOW UNIT 263	75.99
AUTO VALUE - FERGUS FALLS	MAY 14.1 OZ MULTI PURPOSE	6.99
AUTO VALUE - FERGUS FALLS	MAY 4" EXH CLAMP E-2	9.00
AUTO VALUE - FERGUS FALLS	MAY 7 POLE RV SIDE CONNECTOR	27.98
DSI AUTOMOTIVE PRODUCTS	MAY BACK RACK UNIT 66	260.00
DSI AUTOMOTIVE PRODUCTS	MAY 3" NERF BARS UNIT 66	243.98
ENVIRONMENTAL EQUIP & SERVICES	MAY GUTTER BROOM SPRING U-239	40.20
EQUIPMENT FUND	JUNE EQUIPMENT RENT	1,833.33
EQUIPMENT FUND	RECEIPT JUNE EQUIPMENT RENT	207,621.67-
FARGO FREIGHTLINER	MAY AIR TANKS UNIT 228	1,004.97
FARGO FREIGHTLINER	MAY P/S FILL CAP UNIT 228	36.39
FARGO FREIGHTLINER	MAY RAD FILLER CAP UNIT 243	11.39
FARGO FREIGHTLINER	MAY STOCK BRAKE DRUMS	496.20
JOHN DEERE FINANCIAL	MAY HYD HOSE JOHN DEERE MOWERS	1,152.83
JOHN DEERE FINANCIAL	MAY HYD HOSES UNIT 496	231.48



## Equipment

JOHN DEERE FINANCIAL	MAY HYD QUICK FITTINGS (STK)	244.56
JOHN DEERE FINANCIAL	MAY KNOB/SCREW UNIT 950	148.54
JOHN DEERE FINANCIAL	MAY LOCK NUT UNIT 280	11.67
FASTENAL COMPANY	MAY FLEET SAFETY VENDING	24.99
FASTENAL COMPANY	MAY SHOP SUPPLY VENDING	38.06
FLEETPRIDE INC	MAY BRAKE SHOE CORE CREDIT	3,360.00-
FLEETPRIDE INC	MAY BRAKE SHOES/HRDW KITS STK	4,911.40
GENERAL FUND	2ND QTR 2024 FIXED EXPENDITURE	44,168.00
NAPA AUTO PARTS - FERGUS FALLS	MAY AIR FILTER UNIT 228	51.87
GRAINGER INC	MAY FIRE EXTINGUISHER SIGNS	27.58
GRAINGER INC	MAY PRESS WASHER HANDLE (SHOP)	34.32
GRAINGER INC	MAY 1X3 FABRIC BANDAGES	18.90
HOME DEPOT CREDIT SERVICES	MAY 48" LEVEL FAB SHOP	19.97
INTERSTATE BATTERY SYSTEM	MAY GOLF CART BATTERIES WWTP	674.75
INTERSTATE POWER SYSTEMS INC	MAY OUTPUT SPEED SENSOR U-226	188.98
LEAGUE OF MN CITIES INS. TRUST	2024 WORKERS' COMP INSURANCE	10,429.20
MTI DISTRIBUTING INC	MAY DOOR GAS SPRING UNIT 958	175.15
MTI DISTRIBUTING INC	MAY PARTS ORDER UNIT 958	1,607.36
MTI DISTRIBUTING INC	MAY PRESSURE SENSOR UNIT 957	801.41
MTI DISTRIBUTING INC	MAY RH GUIDE HOSE UNIT 958	146.56
MTI DISTRIBUTING INC	MAY STOCK PARTS ORDER U957/958	282.40
MACQUEEN EQUIPMENT INC	MAY HOSE MENDER UNIT 262	51.66
MCMMASTER-CARR SUPPLY CO	MAY SEALS/O-RINGS TOWER 4	56.85
MCMMASTER-CARR SUPPLY CO	MAY VIBRATION DAMPING MOUNT	39.02
MEKALSON HYDRAULICS INC	MAY REBUILD CAT HYD DRIVE MOTR	2,285.00
NELSON COLLISION CENTER	2093 BODY REPAIR/24006582	1,489.32
OLSON OIL COMPANY INC	MAY RED B20 PREM DIESEL (SHOP)	19,688.24
OLYMPIC SALES INC	MAY TAILGATE SHIM KIT REARLOAD	120.66
POLICE DEPT CONTINGENCY FUND	2101 SQUAD DETAIL/24013499	199.99
PUBLIC UTILITIES DEPARTMENT	MAY PUBLIC UTILITIES	697.92
ROAD DOCTORS LLC	MAY EMULSION REG UNIT 483	157.51
SIGELMAN STEEL & SALVAGE CO	MAY COLD ROLL/FLAT ANGLE U-489	61.00
SIGELMAN STEEL & SALVAGE CO	MAY FLAT/ANGLE STEEL UNIT 501	108.94
SIGELMAN STEEL & SALVAGE CO	MAY 3/16" FLAT UNIT 489	10.00
SIGELMAN STEEL & SALVAGE CO	MAY 4X8 1/2" SHEET STEEL U-501	492.00
SIGELMAN STEEL & SALVAGE CO	MAY 4X8X11 METAL UNIT 75	46.00
SOYSOLV BIOSOLVENTS LLC	APRIL SOYSOLV AR 15 GAL	485.00
SUMMIT COMPANIES	INSPECT/PARKS,VEHICLE,EQUIPMEN	1,810.41
SUMMIT COMPANIES	PARKS/INSPECT EXTINGUISHERS	378.23
VERIZON WIRELESS	MAY CELL PHONE EXPENSE	82.44
WALLWORK TRUCK CENTER F.F.	MAY CLAMP UNIT 3045	19.48
WALLWORK TRUCK CENTER F.F.	MAY CORE CREDIT ON SENSOR	204.00-
WALLWORK TRUCK CENTER F.F.	MAY CREDIT RETURNED SENSOR	793.34-

## Equipment

WALLWORK TRUCK CENTER F.F.	MAY DFN PRESSURE SENSOR U-225	182.50
WALLWORK TRUCK CENTER F.F.	MAY EGR GASKET (STK)	13.02
WALLWORK TRUCK CENTER F.F.	MAY EGR GASKETS/ORINGS (STK)	132.89
WALLWORK TRUCK CENTER F.F.	MAY EGR SEAL (STOCK)	21.37
WALLWORK TRUCK CENTER F.F.	MAY EGR VALVE GASKET	13.02
WALLWORK TRUCK CENTER F.F.	MAY NITROGEN OXIDE SENSOR U216	793.34
WALLWORK TRUCK CENTER F.F.	MAY SEAL UNIT 214	57.84
WEX	APRIL FLEX/HSA PART FEE	8.25
	F U N D   T O T A L	111,619.84-

## Employees Insurance

LAKES COUNTRY SVC COOP	JUNE HEALTH INSURANCE	173,318.56
	F U N D   T O T A L	173,318.56

## Flexible Benefit Agency

WEX	2024 FLEX PLAN REIMB	3,452.88
	F U N D   T O T A L	3,452.88

## Fergus Falls Convention and Visitor's Bureau, Inc.

BIG CAT DISC GOLF LLC	2024 MICRO GRANT AWARD	500.00
BCBS OF MINNESOTA	JUNE HEALTH INSURANCE	1,108.81
A CENTER FOR THE ARTS	2024 MICRO GRANT AWARD	1,000.00
HEART OF THE LAKES QUILTERS	2024 MICRO GRANT AWARD	500.00
HILLCREST LUTHERAN ACADEMY	2024 MICRO GRANT AWARD	1,500.00
KADDATZ GALLERIES LTD	2024 MICRO GRANT AWARD	500.00
SUMMERFEST	2024 MICRO GRANT AWARD	500.00
VERIZON WIRELESS	MAY CELL PHONE EXPENSE	118.11
	F U N D   T O T A L	5,726.92

6/03/2024

R E S O L U T I O N   R E C O R D

T O T A L   A L L   F U N D S      1,260,902.07

BE IT FURTHER RESOLVED, THAT THE CITY ADMINISTRATOR BE, AND HE HEREBY IS AUTHORIZED AND DIRECTED TO DRAW WARRANTS FOR THE ABOVE CLAIMS FROM THE RESPECTIVE FUNDS AS HEREIN INDICATED, AND THAT THE MAYOR AND CITY ADMINISTRATOR BE, AND THEY HEREBY ARE, AUTHORIZED TO EXECUTE AND DELIVER SUCH WARRANTS.

THE ABOVE AND FOREGOING RESOLUTION WAS OFFERED AT A REGULAR MEETING OF THE CITY COUNCIL HELD ON THE 03 DAY OF JUNE BY ALDERMAN WHO MOVED ITS ADOPTION, WAS SECONDED BY ALDERMAN AND ADOPTED BY THE FOLLOWING VOTE:

AYES:

NAYS:

ABSTAIN:

ABSENT:

WHEREUPON THE ABOVE RESOLUTION WAS DULY DECLARED ADOPTED.

ATTEST:

APPROVED:

-----  
CITY ADMINISTRATOR

-----  
MAYOR

6/03/2024

R E S O L U T I O N   R E C O R D

COMM OF FINANCE, TREAS DIV	89.00
OTTER TAIL COUNTY HIGHWAY DEPT	14.52
OTTER TAIL COUNTY TREASURER	178.00
A-1 LOCK & KEY LLC	623.00
ADMINISTRATOR'S CONTINGENCY FD	605.58
ALEXANDRIA TECHNICAL COLLEGE	7,622.38
THE AMERICAN BOTTLING COMPANY	287.08
VESTIS	485.82
AMERICAN WELDING & GAS, INC	105.05
ARENA WAREHOUSE LLC	744.60
ARTISAN BEER COMPANY	4,256.45
ARTS MACHINERY REPAIR DBA	250.00
AUTO VALUE - FERGUS FALLS	1,435.78
BAKER & TAYLOR INC	738.57
BELLBOY CORPORATION	6,817.34
CSG JANITORIAL	260.00
BEVERAGE WHOLESALERS INC	67,136.92
BIG CAT DISC GOLF LLC	500.00
BCBS OF MINNESOTA	1,108.81
BLUUM OF MINNESOTA LLC	4,450.00
PATRICIA DILLON	26.31
BRAUN VENDING INC	49.00
BRAUN INTERTEC CORPORATION	3,819.50
BREAKTHRU BEVERAGE MINNESOTA	53,301.47
JOEL CARLSON INC.	2,285.00
CARLSON & STEWART REFRIDGERATI	2,664.81
TRAVIS CARLSON	28.61
CAYAN	160.74
A CENTER FOR THE ARTS	1,000.00
CHARTER COMMUNICATIONS	31.12
VIKING COCA-COLA BOTTLING CO	1,025.05
CODE 4 SERVICES INC	8,066.23
COLE PAPERS INC	1,885.00
COMSTOCK CONSTRUCTION INC	259,302.45
COOPERS TECHNOLOGY GROUP	129.59
CORE & MAIN LP	734.79
COSSETTE ELECTRIC LLC	483.66
D-S BEVERAGES, INC.	45,669.17
DSI AUTOMOTIVE PRODUCTS	503.98
DACOTAH PAPER CO	354.27
DAILY JOURNAL	82.30
WASTE MANAGEMENT	6,821.96
MARGO DENBROOK	15.53
ENVIRONMENTAL EQUIP & SERVICES	40.20
ETHANOL PRODUCTS, LLC	1,468.08
FARGO FREIGHTLINER	1,548.95
JOHN DEERE FINANCIAL	1,789.08

6/03/2024

R E S O L U T I O N   R E C O R D

FASTENAL COMPANY	183.85
FERGUS BREWING COMPANY LLC	782.00
F F UMPIRES ASSOCIATION	9,576.00
FERGUSON WATERWORKS #1657	14,447.23
FLEETPRIDE INC	1,551.40
NAPA AUTO PARTS - FERGUS FALLS	51.87
GRAINGER INC	1,188.63
GRAYMONT (WI) LLC	8,978.64
GREAT PLAINS FIRE	13,420.00
GREAT PLAINS NATURAL GAS CO	2,243.71
HAWKINS INC	1,258.21
HEART OF THE LAKES QUILTERS	500.00
HILLCREST LUTHERAN ACADEMY	1,500.00
THE HOME CITY ICE COMPANY	1,729.45
HOME DEPOT CREDIT SERVICES	245.03
HOUSTON ENGINEERING INC	23,857.27
INTERSTATE BATTERY SYSTEM	674.75
INTERSTATE ENGINEERING INC.	38,195.78
INTERSTATE POWER SYSTEMS INC	188.98
JK SPORTS	9,954.00
JOHNSON BROTHERS LIQUOR CO	47,432.57
JOHNSON CONTROLS INC	798.60
KADDATZ GALLERIES LTD	500.00
L G EVERIST INC	1,439.42
LAKE REGION HEALTHCARE CORP	37.50
LAKES COUNTRY SERVICE COOP	35.00
LAKES COUNTRY SVC COOP	173,318.56
LOCATORS & SUPPLIES INC	387.77
VICTOR LUNDEEN COMPANY	2,778.26
MTI DISTRIBUTING INC	3,012.88
MACQUEEN EQUIPMENT INC	51.66
MARCO TECHNOLOGIES LLC	5,426.86
MCMASTER-CARR SUPPLY CO	95.87
MEKALSON HYDRAULICS INC	2,285.00
MIDWEST PRINTING COMPANY	110.00
MINNESOTA PUMP WORKS	43,363.72
MN STATE COMMUNITY & TECH COLL	150.00
NELSON COLLISION CENTER	1,489.32
NEO ELECTRICAL SOLUTIONS LLC	6,928.68
NORTHLAND TRUST SERVICES, INC.	104,420.00
NOVA FIRE PROTECTION, LLC	185.00
NYCKLEMOE & ELLIG, P.A.	7,450.00
OLSON OIL COMPANY INC	19,688.24
OLYMPIC SALES INC	120.66
OTTERTAIL GLASS COMPANY	14.00
PHILLIPS WINE & SPIRITS CO	17,586.89
PITNEY BOWES CREDIT CORP	705.00

6/03/2024

R E S O L U T I O N   R E C O R D

POLICE DEPT CONTINGENCY FUND	1,232.99
PUBLIC UTILITIES DEPARTMENT	13,403.06
RMB ENVIRONMENTAL LABORATORIES	1,674.52
RACHEL CONTRACTING INC	166,962.50
ROAD DOCTORS LLC	157.51
SIGELMAN STEEL & SALVAGE CO	852.91
SOUTHERN GLAZER'S OF MN	1,122.78
SOYSOLV BIOSOLVENTS LLC	485.00
SPEE*DEE DELIVERY SERVICE INC	36.42
SUMMERFEST	500.00
SUMMIT COMPANIES	3,674.82
SUNSET LAW ENFORCEMENT LLC	577.25
TOTAL REGISTER SYSTEMS	32.21
UGSTAD PLUMBING INC	125.00
USABLE LIFE	81.40
VERIZON WIRELESS	1,816.39
WALLWORK TRUCK CENTER F.F.	236.12
WADENA ASPHALT INC	980.00
WEX	3,711.38
WIMACTEL INC	99.00

TOTAL OTHER GOVERNMENT 281.52

TOTAL OTHER VENDORS 1,260,620.55

TOTAL ALL VENDORS 1,260,902.07