

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 23, 2026

In the opinion of Taft Stettinius & Hollister LLP, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions, at the time of the issuance of the Bonds, the interest on the Bonds is excluded from gross income for federal income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions). Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or for purposes of the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences. See "TAX EXEMPTION" herein.

The City will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

New Issue

Rating Application Made: S&P Global Ratings

CITY OF BUFFALO, MINNESOTA (Wright County)

\$9,550,000* GENERAL OBLIGATION STREET RECONSTRUCTION AND UTILITY BONDS, SERIES 2026A

PROPOSAL OPENING: May 4, 2026, 10:30 A.M., C.T.

CONSIDERATION: May 4, 2026, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$9,550,000* General Obligation Street Reconstruction and Utility Bonds, Series 2026A (the "Bonds") are being issued pursuant to Minnesota Statutes, Section 475.58, subd. 3b, and Chapters 444 and 475, as amended, by the City of Buffalo, Minnesota (the "City"), for the purposes of financing certain street reconstruction projects described in the City's Five-Year Street Reconstruction and Overlay Plan, dated October 6, 2025, and various utility improvements within the City. The Bonds will be general obligations of the City for which its full faith and credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Taft Stettinius & Hollister LLP, Minneapolis, Minnesota.

DATE OF BONDS:

May 28, 2026

MATURITY:

February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2028	\$175,000	2035	\$425,000	2042	\$565,000
2029	350,000	2036	440,000	2043	585,000
2030	360,000	2037	460,000	2044	610,000
2031	375,000	2038	480,000	2045	630,000
2032	385,000	2039	495,000	2046	665,000
2033	400,000	2040	515,000	2047	695,000
2034	405,000	2041	535,000		

***MATURITY**

ADJUSTMENTS:

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS:

See "Term Bond Option" herein.

INTEREST:

February 1, 2027 and semiannually thereafter.

OPTIONAL REDEMPTION:

Bonds maturing on February 1, 2037 and thereafter are subject to call for prior optional redemption on February 1, 2036 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM PROPOSAL:

\$9,435,400.

GOOD FAITH DEPOSIT:

A good faith deposit in the amount of \$191,000 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT:

Bond Trust Services Corporation.

BOND COUNSEL:

Taft Stettinius & Hollister LLP.

MUNICIPAL ADVISOR:

Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY:

See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the Underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the Underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

TABLE OF CONTENTS

<p>INTRODUCTORY STATEMENT..... 1</p> <p>THE BONDS 1</p> <p style="padding-left: 20px;">GENERAL 1</p> <p style="padding-left: 20px;">OPTIONAL REDEMPTION 2</p> <p style="padding-left: 20px;">AUTHORITY; PURPOSE 2</p> <p style="padding-left: 20px;">ESTIMATED SOURCES AND USES 2</p> <p style="padding-left: 20px;">SECURITY 3</p> <p style="padding-left: 20px;">RATING 4</p> <p style="padding-left: 20px;">CONTINUING DISCLOSURE 4</p> <p style="padding-left: 20px;">LEGAL OPINION 5</p> <p style="padding-left: 20px;">STATEMENT REGARDING BOND COUNSEL PARTICIPATION 5</p> <p style="padding-left: 20px;">TAX EXEMPTION 5</p> <p style="padding-left: 20px;">NON-QUALIFIED TAX-EXEMPT OBLIGATIONS 7</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR 7</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR AFFILIATED COMPANIES 7</p> <p style="padding-left: 20px;">INDEPENDENT AUDITORS 7</p> <p style="padding-left: 20px;">RISK FACTORS 8</p> <p>VALUATIONS 10</p> <p style="padding-left: 20px;">OVERVIEW 10</p> <p style="padding-left: 20px;">CURRENT PROPERTY VALUATIONS 11</p> <p style="padding-left: 20px;">2025/26 NET TAX CAPACITY BY CLASSIFICATION .. 11</p> <p style="padding-left: 20px;">TREND OF VALUATIONS 12</p> <p style="padding-left: 20px;">LARGEST TAXPAYERS 12</p> <p>DEBT 13</p> <p style="padding-left: 20px;">DIRECT DEBT 13</p> <p style="padding-left: 20px;">DEBT PAYMENT HISTORY 13</p> <p style="padding-left: 20px;">FUTURE FINANCING 13</p> <p style="padding-left: 20px;">DEBT LIMIT 14</p> <p style="padding-left: 20px;">SCHEDULES OF BONDED INDEBTEDNESS 15</p> <p style="padding-left: 20px;">OVERLAPPING DEBT 23</p> <p style="padding-left: 20px;">DEBT RATIOS 23</p>	<p>TAX LEVIES, COLLECTIONS AND RATES 24</p> <p style="padding-left: 20px;">TAX LEVIES AND COLLECTIONS 24</p> <p style="padding-left: 20px;">TAX CAPACITY RATES 24</p> <p>THE ISSUER 25</p> <p style="padding-left: 20px;">CITY GOVERNMENT 25</p> <p style="padding-left: 20px;">EMPLOYEES; PENSIONS; UNIONS 25</p> <p style="padding-left: 20px;">POST EMPLOYMENT BENEFITS 25</p> <p style="padding-left: 20px;">LITIGATION 25</p> <p style="padding-left: 20px;">MUNICIPAL BANKRUPTCY 26</p> <p style="padding-left: 20px;">FUNDS ON HAND 26</p> <p style="padding-left: 20px;">ENTERPRISE FUNDS 27</p> <p style="padding-left: 20px;">SUMMARY GENERAL FUND INFORMATION 28</p> <p style="padding-left: 20px;">GENERAL FUND BUDGET SUMMARY 29</p> <p>GENERAL INFORMATION 30</p> <p style="padding-left: 20px;">LOCATION 30</p> <p style="padding-left: 20px;">LARGER EMPLOYERS 30</p> <p style="padding-left: 20px;">BUILDING PERMITS 31</p> <p style="padding-left: 20px;">U.S. CENSUS DATA 31</p> <p style="padding-left: 20px;">EMPLOYMENT/UNEMPLOYMENT DATA 32</p> <p>FINANCIAL STATEMENTS A-1</p> <p>FORM OF LEGAL OPINION B-1</p> <p>BOOK-ENTRY-ONLY SYSTEM C-1</p> <p>FORM OF CONTINUING DISCLOSURE UNDERTAKING D-1</p> <p>TERMS OF PROPOSAL E-1</p> <p>PROPOSAL FORM</p>
---	--

CITY OF BUFFALO CITY COUNCIL

		<u>Term Expires</u>
Steve Downer	Mayor	January 2027
Sheila Crawford	Council Member	January 2029
Brad Dahl	Council Member	January 2027
George Fantauzza	Council Member	January 2029
Erin Walsh	Council Member	January 2027

ADMINISTRATION

Taylor Gronau, City Administrator

Josh Kent, Finance Director/Assistant City Administrator

PROFESSIONAL SERVICES

Jovanovich, Dege & Athmann, PA, City Attorney, St. Cloud, Minnesota

Taft Stettinius & Hollister LLP, Bond Counsel, Minneapolis, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Minneapolis, Minnesota
(Other office located in Waukesha, Wisconsin)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Buffalo, Minnesota (the "City") and the issuance of its \$9,550,000* General Obligation Street Reconstruction and Utility Bonds, Series 2026A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the City Council on May 4, 2026.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Minneapolis, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of May 28, 2026. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2027, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2028 maturity, then the lowest rate that may be proposed for any later maturity is 4.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The City has selected Bond Trust Services Corporation, Minneapolis, Minnesota ("BTSC") to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2037 shall be subject to optional redemption prior to maturity on February 1, 2036 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Section 475.58, subd. 3b, and Chapters 444 and 475, as amended, by the City, for the purposes of financing certain street reconstruction projects described in the City's Five-Year Street Reconstruction and Overlay Plan, dated October 6, 2025 ("the Street Reconstruction Portion"), and various utility improvements within the City (the "Utility Revenue Portion").

ESTIMATED SOURCES AND USES*

Sources	Street Reconstruction Portion	Utility Revenue Portion	Total Bond Issue
Par Amount of Bonds	<u>\$5,000,000</u>	<u>\$4,550,000</u>	<u>\$9,550,000</u>
Total Sources	\$5,000,000	\$4,550,000	\$9,550,000
 Uses			
Total Underwriter's Discount (1.200%)	\$60,000	\$54,600	\$114,600
Costs of Issuance	60,733	55,267	116,000
Capitalized Interest	134,482	-	134,482
Deposit to Construction Account	4,744,000	4,438,497	9,182,497
Rounding Amount	<u>785</u>	<u>1,636</u>	<u>2,421</u>
Total Uses	\$5,000,000	\$4,550,000	\$9,550,000

*Preliminary, subject to change

Breakdown of Principal Payments*:

Payment Date	Street Reconstruction Portion	Utility Revenue Portion	Total Bond Issue
2/01/2028	\$175,000	-	\$175,000
2/01/2029	180,000	\$170,000	350,000
2/01/2030	185,000	175,000	360,000
2/01/2031	195,000	180,000	375,000
2/01/2032	200,000	185,000	385,000
2/01/2033	205,000	195,000	400,000
2/01/2034	210,000	195,000	405,000
2/01/2035	220,000	205,000	425,000
2/01/2036	225,000	215,000	440,000
2/01/2037	235,000	225,000	460,000
2/01/2038	245,000	235,000	480,000
2/01/2039	255,000	240,000	495,000
2/01/2040	265,000	250,000	515,000
2/01/2041	275,000	260,000	535,000
2/01/2042	290,000	275,000	565,000
2/01/2043	300,000	285,000	585,000
2/01/2044	315,000	295,000	610,000
2/01/2045	325,000	305,000	630,000
2/01/2046	340,000	325,000	665,000
2/01/2047	<u>360,000</u>	<u>335,000</u>	<u>695,000</u>
Total	\$5,000,000	\$4,550,000	\$9,550,000

*Preliminary, subject to change.

SECURITY

The Bonds will be general obligations of the City for which its full faith and credit and taxing powers are pledged without limitation as to rate or amount.

The City anticipates that the debt service on the Street Reconstruction Portion of the Bonds will be paid from ad valorem property taxes. In accordance with Minnesota Statutes, the City will levy each year an amount not less than 105% of the debt service requirements on the Street Reconstruction Portion of the Bonds.

The City anticipates that the debt service on the Utility Revenue Portion of the Bonds will be paid entirely from net revenues of the water and sewer systems ("utility revenues") which are owned and operated by the City. In accordance with Minnesota Statutes, receipt of utility revenues will be sufficient to provide not less than 105% of principal and interest on the Utility Revenue Portion of the Bonds.

Should the utility revenues and ad valorem property taxes pledged for payment of the Bonds be insufficient to pay the principal and interest as the same shall become due, the City is required to pay maturing principal and interest from moneys on hand in any other fund of the City not pledged for another purpose and/or to levy a tax for this purpose upon all the taxable property in the City, without limitation as to rate or amount to make up any deficiency.

RATING

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "AA"/Stable outlook by S&P Global Ratings ("S&P").

The City has requested a rating on the Bonds from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

In the previous five years, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the City.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Taft Stettinius & Hollister LLP, Minneapolis, Minnesota, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

By expressing its opinion, Bond Counsel is expressing its professional judgment and does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the applicability of any such state and local taxes.

STATEMENT REGARDING BOND COUNSEL PARTICIPATION

Bond Counsel has neither been engaged nor undertaken to prepare or independently verify the accuracy of any portion of the Official Statement, including the financial or operational information of the Issuer and risks associated with the purchase of the Bonds, except for statements under "TAX EXEMPTION" herein that summarize certain provisions of the Internal Revenue Code of 1986, as amended, the Bonds and any opinion rendered by Bond Counsel. Bond Counsel has prepared the form of legal opinion attached hereto as "APPENDIX B – FORM OF LEGAL OPINION."

TAX EXEMPTION

On the date of issuance of the Bonds, Taft Stettinius & Hollister LLP, Bond Counsel, will render an opinion, that, based on present federal and Minnesota laws, regulations, rulings and decisions, at the time of the issuance of the Bonds, the interest on the Bonds is excluded from gross income for federal income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions). Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or for purposes of the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations. The opinions are subject to the condition that the City complies with all applicable federal tax requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income and taxable net income, retroactive to their date of issuance. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences.

Other Federal and State Tax Considerations

Other Tax Considerations

Though excluded from gross income, interest on the Bonds is subject to federal income taxation for certain types of taxpayers and certain income taxes, including without implied limitation, taxation to the extent it is included as part of (a) the adjusted current earnings of a corporation for purposes of the alternative minimum tax, (b) effectively connected earnings and profits of a foreign corporation for purposes of the branch profits tax on dividend equivalent amounts, (c) excess net passive income of an S Corporation which has Subchapter C earnings and profits, or (d) minimum effectively connected net investment income of a foreign insurance company. Interest on the Bonds is also taken into account in other ways for federal income tax purposes, including without implied limitation, (a) reducing loss reserve deductions of property and casualty insurance companies, (b) reducing interest expense deductions of financial institutions, and (c) causing certain taxpayers to include in gross income a portion of social security benefits and railroad retirement benefits. Ownership of the Bonds may result in other collateral federal income tax consequences to certain taxpayers. Bond Counsel expresses no opinion as to any of such consequences, and prospective purchasers who may be subject to such collateral consequences should consult their tax advisers.

Original Issue Discount

Some of the Bonds ("the OID Bonds") may be sold at initial public offering prices which are less than the principal amounts payable at maturity. For each maturity of OID Bonds, original issue discount is the excess of the stated redemption price at maturity of such Bonds over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Bonds are sold. The appropriate portion of such original issue discount allocable to the original and each subsequent holder will be treated as interest and excluded from gross income for federal income tax purposes and will increase a holders' tax basis in such Bonds for purposes of determining gain or loss upon sale, exchange, redemption, or payment at maturity. Owners of such Bonds should consult their own tax advisors with respect to the computation and determination of the portion of original issue discount which will be treated as interest and added to a holder's tax basis during the period such Bonds are held.

Original Issue Premium

Some of the Bonds may be sold at initial public offering prices which are greater than the principal amounts payable at maturity. Bondholders who acquire Bonds at a premium should consult their tax advisors concerning the calculation of bond premium and the timing and rate of premium amortization, as well as the federal, state and local tax consequences of owning and selling Bonds acquired at a premium.

Proposed Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

The above is not a comprehensive list of all federal tax consequences that may arise from the receipt of interest on the Bonds. The receipt of interest on the Bonds may otherwise affect the federal or State of Minnesota income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code, relating to the ability of certain financial institutions (within the meaning of Section 265(6)(5) of the Code) to deduct from income for federal income tax purposes, 80% of the interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2024 have been audited by CliftonLarsonAllen LLP, Alexandria, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

The following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service should other revenue (utility revenues) be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State of Minnesota (the "State") may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Levy Limits: The State Legislature has periodically imposed limitations on the ability of municipalities to levy property taxes. While these limitations have expired, the potential exists for future legislation to limit the ability of local governments to levy property taxes. All previous limitations have not limited the ability to levy for the payment of debt service on bonded indebtedness. For more detailed information about Minnesota levy limits, contact the Minnesota Department of Revenue or Ehlers and Associates.

State Economy; State Aids: State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Cybersecurity: The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2023/24	2024/25	2025/26
Residential homestead ¹	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead ¹	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$2,150,000 - 0.50% ² Over \$2,150,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$3,500,000 - 0.50% ² Over \$3,500,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$3,500,000 - 0.50% ² Over \$3,500,000 - 1.00% ²
Agricultural non-homestead	Land - 1.00% ²	Land - 1.00% ²	Land - 1.00% ²
Seasonal recreational residential	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$174,000 - 0.75% Over \$174,000 - 0.25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: - 0.25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental - 0.25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

¹ A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

² Applies to land and buildings. Exempt from referendum market value tax.

³ Exempt from referendum market value tax.

⁴ Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

⁵ The estimated market value of utility property is determined by the Minnesota Department of Revenue.

CURRENT PROPERTY VALUATIONS

2024/25 Economic Market Value¹	<u><u>\$2,349,975,581²</u></u>
2025/26 Assessor's Estimated Market Value	
Real Estate	\$2,297,492,200
Personal Property	<u>13,835,800</u>
Total Valuation	<u><u>\$2,311,328,000</u></u>
2025/26 Net Tax Capacity	
Real Estate	\$24,708,055
Personal Property	<u>255,568</u>
Net Tax Capacity	\$24,963,623
Less: Captured Tax Increment Tax Capacity ³	<u>(146,714)</u>
Taxable Net Tax Capacity	<u><u>\$24,816,909</u></u>

2025/26 NET TAX CAPACITY BY CLASSIFICATION

	2025/26 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$15,301,822	61.30%
Agricultural	54,208	0.22%
Commercial/industrial	5,364,560	21.49%
Railroad operating property	29,186	0.12%
Non-homestead residential	3,612,974	14.47%
Commercial & residential seasonal/rec.	345,305	1.38%
Personal property	<u>255,568</u>	<u>1.02%</u>
 Total	 <u><u>\$24,963,623</u></u>	 <u><u>100.00%</u></u>

¹ Most recent value available from the Minnesota Department of Revenue.

² According to the Minnesota Department of Revenue, the 2024/25 Assessor's Estimated Market Value (the "AEMV") for the City was about 93.57% of the actual selling prices of property sold in the City. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in a 2024/25 Economic Market Value ("EMV") for the City of \$2,349,975,581.

³ The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the City.

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity ¹	Taxable Net Tax Capacity ²	Percent Increase/Decrease in Estimated Market Value
2021/22	\$1,612,106,000	\$1,534,039,050	\$17,405,072	\$17,119,136	5.55%
2022/23	1,887,768,400	1,816,467,046	20,424,224	20,239,865	17.10%
2023/24	2,156,866,700	2,095,027,337	23,703,855	23,500,309	14.25%
2024/25	2,198,105,500	2,096,268,080	23,825,494	23,666,285	1.91%
2025/26	2,311,328,000	2,210,726,689	24,963,623	24,816,909	5.15%

LARGEST TAXPAYERS

Taxpayer	Type of Property	2025/26 Net Tax Capacity	Percent of City's Total Net Tax Capacity
Pfeifer Property Management LLC	Commercial	\$364,474	1.46%
TKG Wright County Center LLC	Commercial	262,948	1.05%
Menard Inc.	Commercial	199,900	0.80%
Stellis Health Building Partnership	Commercial	175,234	0.70%
Gopher (Buffalo) LLC	Apartments	166,868	0.67%
Ryan Buffalo Land Company Co.	Commercial	149,268	0.60%
Crossings of Buffalo LLC	Apartments	143,811	0.58%
Centerpoint Energy	Utility	142,778	0.57%
Coborn Realty Company LP	Commercial	133,952	0.54%
Buffalo Manor MHC LLC	Manufactured Home Park	<u>131,833</u>	<u>0.53%</u>
Total		\$1,871,066	7.50%

City's Total 2025/26 Net Tax Capacity \$24,963,623

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Largest Taxpayers have been furnished by Wright County.

¹ Net Tax Capacity includes tax increment values.

² Taxable Net Tax Capacity does not include tax increment values.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total G.O. debt secured by tax abatement revenues	\$7,505,000
Total G.O. debt secured by taxes (includes the Street Reconstruction Portion of the Bonds)*	20,320,000
Total G.O. debt secured by utility revenues (includes the Utility Revenue Portion of the Bonds)*	43,405,000
Total General Obligation Debt*	<u><u>\$71,230,000</u></u>

*Preliminary, subject to change.

Temporary General Obligation Debt

Issue Date	Name of Issue	Final Maturity	Principal Outstanding
5/15/25	G.O. Temporary Tax Abatement Bonds, Series 2025A	2/1/28	<u>\$6,385,000</u>
12/4/25	G.O. Temporary Tax Abatement Bonds, Series 2025C	12/1/28	<u>\$4,015,000</u>

Revenue Debt (see schedules following)

Total revenue debt secured by electric revenues	<u><u>\$4,435,000</u></u>
---	---------------------------

Other Debt

Issue Date	Original Amount	Purpose	Final Maturity	Principal Outstanding
12/12/22	\$658,808	Vehicles and Equipment	1/11/27	\$103,926

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The City is considering the issuance of approximately \$1,300,000 General Obligation Bonds and \$3,600,000 Electric Revenue Bonds for various public and electric utility capital improvements projects within the next 12 months.

¹ Outstanding debt is as of the dated date of the Bonds.

DEBT LIMIT

The statutory limit on net debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the Assessor's Estimated Market Value of all taxable property within its boundaries. "Net debt" means the amount remaining after deducting from gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate principal of certain obligations enumerated under Minnesota Statutes, Section 475.51, subd.4, including the following: (1) obligations issued for improvements payable wholly or partly from special assessments levied against benefitted property; (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income of revenue producing conveniences; (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) obligations issued to finance any revenue producing public convenience (includes the Utility Revenue Portion of the Bonds); (6) funds held as sinking funds for payment of principal and interest on debt other than those deductible under Minnesota Statutes, Section 475.51, subd. 4; (7) obligations to repay energy conservation investment loans under Minnesota Statutes, Section 216C.37; (8) obligations issued to pay certain postemployment benefit liabilities; (9) obligations issued to pay certain judgments against the City; and (10) all other obligations which are not to be included in computing the net debt of a municipality under the provisions of the law authorizing their issuance.

2025/26 Assessor's Estimated Market Value	\$2,311,328,000
Multiply by 3%	<u>0.03</u>
Statutory Debt Limit	\$69,339,840
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Street Reconstruction Portion of the Bonds*)	<u>(20,320,000)</u>
Unused Debt Limit*	<u><u>\$49,019,840</u></u>

*Preliminary, subject to change.

City of Buffalo, Minnesota
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Tax Abatement Revenues
 (As of 05/28/2026)

	Tax Abatement Bonds 1) Series 2015A		Tax Abatement Bonds Series 2016A		Tax Abatement Bonds 2) Series 2020B		Tax Abatement Refunding Bonds 3) Series 2022A		Tax Abatement Bonds 4) Series 2023B	
Dated	02/12/2015		01/07/2016		11/12/2020		03/03/2022		11/30/2023	
Amount	\$735,000		\$3,250,000		\$1,205,000		\$1,230,000		\$2,910,000	
Maturity	02/01		05/01		02/01		02/01		02/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	0	3,636	0	9,609	0	2,100	0	10,275	0	61,269
2027	55,000	6,668	65,000	18,438	210,000	2,100	110,000	18,900	160,000	118,538
2028	55,000	5,375	70,000	16,765			110,000	15,600	165,000	110,413
2029	55,000	4,000	70,000	14,928			110,000	12,300	175,000	101,913
2030	55,000	2,556	70,000	13,003			115,000	8,925	185,000	92,913
2031	60,000	900	75,000	10,935			115,000	6,050	195,000	83,413
2032			75,000	8,723			120,000	3,700	200,000	73,538
2033			80,000	6,378			125,000	1,250	210,000	64,338
2034			80,000	3,918					220,000	55,738
2035			85,000	1,339					230,000	46,738
2036									240,000	37,338
2037									250,000	27,538
2038									260,000	17,175
2039									270,000	5,906
2040										
2041										
	280,000	23,135	670,000	104,033	210,000	4,200	805,000	77,000	2,760,000	896,763

- 1) This represents the \$735,000 Tax Abatement portion of the \$4,045,000 General Obligation Bonds, Series 2015A.
- 2) This represents the \$1,205,000 Tax Abatement portion of the \$3,185,000 General Obligation Tax Abatement and Refunding Bonds, Series 2020B.
- 3) This represents the \$1,230,000 Tax Abatement Refunding portion of the \$1,745,000 General Obligation Refunding Bonds, Series 2022A.
- 4) This represents the \$2,910,000 Tax Abatement portion of the \$6,310,000 General Obligation Tax Abatement and Utility Refunding Bonds, Series 2023B.

--Continued on next page

City of Buffalo, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Tax Abatement Revenues
(As of 05/28/2026)

		Tax Abatement & Refunding Bonds 5) Series 2025B						
Dated	12/04/2025							
Amount	\$2,780,000							
Maturity	02/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2026	0	88,217	0	175,105	175,105	7,505,000	.00%	2026
2027	110,000	131,250	710,000	295,893	1,005,893	6,795,000	9.46%	2027
2028	135,000	125,125	535,000	273,278	808,278	6,260,000	16.59%	2028
2029	145,000	118,125	555,000	251,265	806,265	5,705,000	23.98%	2029
2030	150,000	110,750	575,000	228,146	803,146	5,130,000	31.65%	2030
2031	160,000	103,000	605,000	204,298	809,298	4,525,000	39.71%	2031
2032	165,000	94,875	560,000	180,835	740,835	3,965,000	47.17%	2032
2033	175,000	86,375	590,000	158,340	748,340	3,375,000	55.03%	2033
2034	185,000	77,375	485,000	137,030	622,030	2,890,000	61.49%	2034
2035	190,000	68,000	505,000	116,076	621,076	2,385,000	68.22%	2035
2036	200,000	58,250	440,000	95,588	535,588	1,945,000	74.08%	2036
2037	210,000	48,000	460,000	75,538	535,538	1,485,000	80.21%	2037
2038	220,000	37,250	480,000	54,425	534,425	1,005,000	86.61%	2038
2039	235,000	25,875	505,000	31,781	536,781	500,000	93.34%	2039
2040	245,000	15,100	245,000	15,100	260,100	255,000	96.60%	2040
2041	255,000	5,100	255,000	5,100	260,100	0	100.00%	2041
	2,780,000	1,192,667	7,505,000	2,297,797	9,802,797			

5) This represents the \$2,780,000 Tax Abatement & Refunding Bonds portion of the \$4,125,000 General Obligation Bonds, Series 2025B.

City of Buffalo, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 05/28/2026)

	Street Reconstruction Bonds 1) Series 2015A		Street Reconstruction Bonds Series 2016C		Street Reconstruction & CIP Bonds Series 2019B		CIP, Equipment & CIP Ref Bonds 2) Series 2020A		Street Reconstruction & Equipment Bonds 3) Series 2023A	
Dated	02/12/2015		04/14/2016		06/13/2019		04/30/2020		06/29/2023	
Amount	\$3,310,000		\$2,565,000		\$6,710,000		\$4,635,000		\$2,400,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	0	16,048	0	14,444	0	80,525	0	32,285	0	50,625
2027	235,000	29,510	175,000	27,050	360,000	152,050	350,000	59,320	145,000	97,625
2028	245,000	23,863	180,000	22,963	380,000	133,550	360,000	48,670	155,000	90,125
2029	245,000	17,738	185,000	18,400	395,000	118,125	135,000	41,245	160,000	82,250
2030	250,000	11,238	190,000	13,475	410,000	106,050	140,000	37,820	170,000	74,000
2031	260,000	3,900	195,000	8,181	420,000	93,600	140,000	34,950	180,000	65,250
2032			200,000	2,750	435,000	80,775	145,000	31,921	185,000	56,125
2033					445,000	67,575	145,000	28,768	195,000	46,625
2034					465,000	53,925	150,000	25,485	140,000	38,250
2035					480,000	39,750	155,000	22,054	145,000	31,125
2036					205,000	29,475	155,000	18,450	150,000	23,750
2037					210,000	23,250	160,000	14,670	160,000	16,800
2038					215,000	16,875	165,000	10,688	165,000	10,300
2039					225,000	10,275	170,000	6,500	175,000	3,500
2040					230,000	3,450	175,000	2,188		
2041										
2042										
2043										
2044										
2045										
2046										
2047										
	1,235,000	102,295	1,125,000	107,263	4,875,000	1,009,250	2,545,000	415,013	2,125,000	686,350

- 1) This represents the \$3,310,000 Street Reconstruction portion of the \$4,045,000 General Obligation Bonds, Series 2015A.
- 2) This represents the \$4,635,000 CIP, Equipment and CIP Refunding portions of the \$5,930,000 General Obligation Bonds, Series 2020A.
- 3) This represents the \$2,400,000 Street Reconstruction and Equipment portions of the \$5,760,000 General Obligation Bonds, Series 2023A.

--Continued on next page

City of Buffalo, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 05/28/2026)

	Street Reconstruction & Equipment Bonds Series 2024B		Street Reconstruction & Equipment Bonds 4) Series 2025B		Street Reconstruction Bonds 5) Series 2026A							
Dated	08/22/2024		12/04/2025		05/28/2026							
Amount	\$2,205,000		\$1,345,000		\$5,000,000*							
Maturity	02/01		02/01		02/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2026	0	51,750	0	44,273	0	0	0	289,949	289,949	20,320,000	.00%	2026
2027	185,000	98,875	140,000	63,750	0	234,098	1,590,000	762,278	2,352,278	18,730,000	7.82%	2027
2028	195,000	89,375	160,000	56,250	175,000	196,695	1,850,000	661,490	2,511,490	16,880,000	16.93%	2028
2029	205,000	79,375	165,000	48,125	180,000	191,503	1,670,000	596,760	2,266,760	15,210,000	25.15%	2029
2030	220,000	68,750	175,000	39,625	185,000	186,026	1,740,000	536,984	2,276,984	13,470,000	33.71%	2030
2031	230,000	57,500	185,000	30,625	195,000	180,134	1,805,000	474,140	2,279,140	11,665,000	42.59%	2031
2032	240,000	45,750	95,000	23,625	200,000	173,813	1,500,000	414,759	1,914,759	10,165,000	49.98%	2032
2033	250,000	33,500	100,000	18,750	205,000	167,129	1,340,000	362,346	1,702,346	8,825,000	56.57%	2033
2034	265,000	20,625	100,000	13,750	210,000	160,020	1,330,000	312,055	1,642,055	7,495,000	63.12%	2034
2035	280,000	7,000	110,000	8,500	220,000	152,330	1,390,000	260,759	1,650,759	6,105,000	69.96%	2035
2036			115,000	2,875	225,000	144,040	850,000	218,590	1,068,590	5,255,000	74.14%	2036
2037					235,000	135,065	765,000	189,785	954,785	4,490,000	77.90%	2037
2038					245,000	125,404	790,000	163,266	953,266	3,700,000	81.79%	2038
2039					255,000	115,215	825,000	135,490	960,490	2,875,000	85.85%	2039
2040					265,000	104,489	670,000	110,126	780,126	2,205,000	89.15%	2040
2041					275,000	93,215	275,000	93,215	368,215	1,930,000	90.50%	2041
2042					290,000	81,278	290,000	81,278	371,278	1,640,000	91.93%	2042
2043					300,000	68,590	300,000	68,590	368,590	1,340,000	93.41%	2043
2044					315,000	55,056	315,000	55,056	370,056	1,025,000	94.96%	2044
2045					325,000	40,654	325,000	40,654	365,654	700,000	96.56%	2045
2046					340,000	25,270	340,000	25,270	365,270	360,000	98.23%	2046
2047					360,000	8,640	360,000	8,640	368,640	0	100.00%	2047
	2,070,000	552,500	1,345,000	350,148	5,000,000	2,638,662	20,320,000	5,861,480	26,181,480			

* Preliminary, subject to change.

4) This represents the \$1,345,000 Street Reconstruction and Equipment portions of the \$4,125,000 General Obligation Bonds, Series 2025B.

5) This represents the \$5,000,000 Street Reconstruction Portion of the \$9,550,000 General Obligation Street Reconstruction and Utility Bonds, Series 2026A.

City of Buffalo, Minnesota
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Utility Revenues
 (As of 05/28/2026)

	Utility Revenue Bonds Series 2012A		Utility Revenue Refunding Bonds Series 2014A		Utility Revenue Refunding Bonds Series 2017A		Utility Revenue Bonds Series 2017B		Utility Revenue Refunding Bonds 1) Series 2019C	
Dated	03/28/2012		08/05/2014		04/18/2017		10/12/2017		06/13/2019	
Amount	\$5,610,000		\$30,860,000		\$6,840,000		\$3,160,000		\$1,200,000	
Maturity	09/01		11/01		06/01		04/01		08/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	0	78,746	5,085,000	265,673	0	215,988	0	20,475	65,000	1,625
2027	0	157,493	5,245,000	378,795	0	215,988	215,000	38,800		
2028	0	157,493	5,405,000	216,200	0	215,988	220,000	34,313		
2029	1,005,000	157,493			1,290,000	196,638	225,000	29,444		
2030	1,035,000	131,865			1,325,000	157,413	230,000	24,038		
2031	1,065,000	104,438			1,365,000	117,063	235,000	17,931		
2032	1,105,000	75,150			1,405,000	73,756	240,000	11,100		
2033	1,400,000	42,000			1,455,000	25,463	250,000	3,750		
2034										
2035										
2036										
2037										
2038										
2039										
2040										
2041										
2042										
2043										
2044										
2045										
2046										
2047										
	5,610,000	904,676	15,735,000	860,668	6,840,000	1,218,294	1,615,000	179,850	65,000	1,625

1) This represents the \$1,200,000 Utility Revenue Refunding portion of the \$3,960,000 General Obligation Refunding Bonds, Series 2019C.

--Continued on next page

City of Buffalo, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Utility Revenues
(As of 05/28/2026)

	Utility Revenue Bonds 2) Series 2020A		Sewer and Water Revenue Refunding Bonds Series 2021A		Utility Revenue Refunding Bonds 3) Series 2022A		Utility Revenue Bonds 4) Series 2023A		Utility Revenue Refunding Bonds 5) Series 2023B	
	Dated	Amount	Dated	Amount	Dated	Amount	Dated	Amount	Dated	Amount
	04/30/2020	\$1,295,000	05/06/2021	\$2,260,000	03/03/2022	\$515,000	06/29/2023	\$3,360,000	11/30/2023	\$3,400,000
	Maturity	02/01	Maturity	08/01	Maturity	02/01	Maturity	02/01	Maturity	02/01
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	0	10,025	165,000	10,483	0	3,450	0	71,600	0	73,353
2027	105,000	18,475	170,000	17,665	75,000	5,775	175,000	138,825	0	146,706
2028	110,000	15,250	175,000	14,265	75,000	3,525	180,000	129,950	0	146,706
2029	115,000	11,875	245,000	12,515	80,000	1,200	190,000	120,700	0	146,706
2030	115,000	9,000	250,000	9,820			200,000	110,950	275,000	139,831
2031	120,000	6,590	250,000	6,820			205,000	100,825	290,000	125,706
2032	120,000	4,040	255,000	3,570			220,000	90,200	305,000	110,831
2033	125,000	1,375					230,000	78,950	320,000	96,806
2034							240,000	67,200	335,000	83,706
2035							255,000	54,825	345,000	70,106
2036							265,000	41,825	360,000	56,006
2037							280,000	29,600	375,000	41,306
2038							295,000	18,100	390,000	25,763
2039							305,000	6,100	405,000	8,859
2040										
2041										
2042										
2043										
2044										
2045										
2046										
2047										
	810,000	76,630	1,510,000	75,138	230,000	13,950	3,040,000	1,059,650	3,400,000	1,272,394

- 2) This represents the \$1,295,000 Utility Revenue portion of the \$5,930,000 General Obligation Bonds, Series 2020A.
- 3) This represents the \$515,000 Utility Revenue Refunding portion of the \$1,745,000 General Obligation Refunding Bonds, Series 2022A.
- 4) This represents the \$3,360,000 Utility Revenue portion of the \$5,760,000 General Obligation Bonds, Series 2023A.
- 5) This represents the \$3,400,000 Utility Revenue Refunding portion of the \$6,310,000 General Obligation Tax Abatement and Utility Refunding Bonds, Series 2023B.

--Continued on next page

City of Buffalo, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Utility Revenues
(As of 05/28/2026)

Utility Revenue Bonds 6) Series 2026A								
Dated	05/28/2026							
Amount	\$4,550,000*							
Maturity	02/01							
Calendar Year Ending	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2026	0	0	5,315,000	751,417	6,066,417	38,090,000	12.25%	2026
2027	0	215,192	5,985,000	1,333,714	7,318,714	32,105,000	26.03%	2027
2028	0	183,143	6,165,000	1,116,831	7,281,831	25,940,000	40.24%	2028
2029	170,000	180,635	3,320,000	857,205	4,177,205	22,620,000	47.89%	2029
2030	175,000	175,459	3,605,000	758,375	4,363,375	19,015,000	56.19%	2030
2031	180,000	169,955	3,710,000	649,328	4,359,328	15,305,000	64.74%	2031
2032	185,000	164,114	3,835,000	532,761	4,367,761	11,470,000	73.57%	2032
2033	195,000	157,841	3,975,000	406,185	4,381,185	7,495,000	82.73%	2033
2034	195,000	151,163	770,000	302,069	1,072,069	6,725,000	84.51%	2034
2035	205,000	144,009	805,000	268,940	1,073,940	5,920,000	86.36%	2035
2036	215,000	136,183	840,000	234,014	1,074,014	5,080,000	88.30%	2036
2037	225,000	127,598	880,000	198,504	1,078,504	4,200,000	90.32%	2037
2038	235,000	118,339	920,000	162,201	1,082,201	3,280,000	92.44%	2038
2039	240,000	108,660	950,000	123,619	1,073,619	2,330,000	94.63%	2039
2040	250,000	98,553	250,000	98,553	348,553	2,080,000	95.21%	2040
2041	260,000	87,905	260,000	87,905	347,905	1,820,000	95.81%	2041
2042	275,000	76,601	275,000	76,601	351,601	1,545,000	96.44%	2042
2043	285,000	64,559	285,000	64,559	349,559	1,260,000	97.10%	2043
2044	295,000	51,796	295,000	51,796	346,796	965,000	97.78%	2044
2045	305,000	38,294	305,000	38,294	343,294	660,000	98.48%	2045
2046	325,000	23,718	325,000	23,718	348,718	335,000	99.23%	2046
2047	335,000	8,040	335,000	8,040	343,040	0	100.00%	2047
	4,550,000	2,481,754	43,405,000	8,144,628	51,549,628			

* Preliminary, subject to change.

6) This represents the \$4,550,000 Utility Revenue Portion of the \$9,550,000 General Obligation Street Reconstruction and Utility Bonds, Series 2026A.

Schedule of Bonded Indebtedness
Revenue Debt Secured by Electric Revenues
(As of 05/28/2026)

	Electric Revenue Bonds Series 2018A		Electric Revenue Bonds Series 2018B		Electric Revenue Bonds Series 2024A							
Dated	03/29/2018		11/08/2018		07/11/2024							
Amount	\$1,765,000		\$2,300,000		\$3,460,000							
Maturity	02/01		02/01		02/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2026	0	5,925	0	12,356	0	81,750	0	100,031	100,031	4,435,000	.00%	2026
2027	195,000	8,925	250,000	20,806	295,000	156,125	740,000	185,856	925,856	3,695,000	16.69%	2027
2028	200,000	3,000	255,000	12,756	310,000	141,000	765,000	156,756	921,756	2,930,000	33.93%	2028
2029			265,000	4,306	325,000	125,125	590,000	129,431	719,431	2,340,000	47.24%	2029
2030					345,000	108,375	345,000	108,375	453,375	1,995,000	55.02%	2030
2031					360,000	90,750	360,000	90,750	450,750	1,635,000	63.13%	2031
2032					380,000	72,250	380,000	72,250	452,250	1,255,000	71.70%	2032
2033					400,000	52,750	400,000	52,750	452,750	855,000	80.72%	2033
2034					415,000	32,375	415,000	32,375	447,375	440,000	90.08%	2034
2035					440,000	11,000	440,000	11,000	451,000	0	100.00%	2035
	395,000	17,850	770,000	50,225	3,270,000	871,500	4,435,000	939,575	5,374,575			

OVERLAPPING DEBT¹

Taxing District	2025/26 Taxable Net Tax Capacity	% In City	Total G.O. Debt²	City's Proportionate Share
Wright County	\$300,832,265	8.249%	\$62,890,000	\$5,188,048
I.S.D. No. 877 (Buffalo-Hanover-Montrose)	64,613,836	38.408%	61,785,000 ³	<u>23,730,408</u>
City's Share of Total Overlapping Debt				<u><u>\$28,918,456</u></u>

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value \$2,349,975,581	Debt/ Per Capita 16,815⁴
Direct G.O. Debt Secured By:			
Tax Abatement Revenues	\$7,505,000		
Taxes*	20,320,000		
Utility Revenues*	<u>43,405,000</u>		
Total General Obligation Debt*	\$71,230,000		
Less: G.O. Debt Paid Entirely from Revenues ⁵	<u>(43,405,000)</u>		
Tax Supported General Obligation Debt*	\$27,825,000	1.18%	\$1,654.77
City's Share of Total Overlapping Debt	<u>\$28,918,456</u>	<u>1.23%</u>	<u>\$1,719.80</u>
Total*	<u><u>\$56,743,456</u></u>	<u><u>2.41%</u></u>	<u><u>\$3,374.57</u></u>

*Preliminary, subject to change.

¹ Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. It does *not* include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

² Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

³ Minnesota School Districts may qualify for aid from the State of Minnesota through the Debt Service Equalization Formula, School Building Bond Agricultural Credit and Long Term Facilities Maintenance Revenue programs. While some of the districts listed may receive these aids, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by State aids for the purposes of the Bonds.

⁴ Preliminary estimated 2024 population.

⁵ Debt service on the City's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

TAX LEVIES, COLLECTIONS AND RATES

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy ¹	Total Collected Following Year	Collected to Date	% Collected
2021/22	\$9,419,870	\$9,355,835	\$9,417,088	99.97%
2022/23	10,231,767	10,114,374	10,217,194	99.86%
2023/24	11,239,299	11,166,493	11,211,683	99.75%
2024/25	12,297,344	12,221,773	12,221,773	99.39%
2025/26	12,859,892	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.² Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

TAX CAPACITY RATES³

	2021/22	2022/23	2023/24	2024/25	2025/26
Wright County	43.751%	37.848%	33.737%	35.563%	35.187%
City of Buffalo	55.034%	50.562%	47.867%	51.965%	51.821%
I.S.D. No. 877 (Buffalo-Hanover-Montrose)	26.546%	21.575%	20.928%	21.584%	20.840%
Buffalo HRA	1.730%	1.724%	1.690%	1.708%	1.726%
Pulaski LID	7.571%	8.539%	7.608%	7.003%	5.229%

Referendum Market Value Rates:

I.S.D. No. 877 (Buffalo-Hanover-Montrose)	0.20332%	0.19297%	0.16867%	0.16903%	0.15346%
---	----------	----------	----------	----------	----------

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Wright County.

¹ This reflects the Final Levy Certification of the City after all adjustments have been made.

² Second half tax payments on agricultural property are due on November 15th of each year.

³ After reduction for State aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

THE ISSUER

CITY GOVERNMENT

The City was organized as a municipality in 1887. The City operates under a statutory form of government consisting of a five-member City Council of which the Mayor is a voting member. The City Administrator and Finance Director are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS; UNIONS

The City currently has 106 full-time, 79 part-time, and three (3) seasonal employees. All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employee Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing multiple-employer retirement plans. PERA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security. See the Notes to Financial Statements in Appendix A for a detailed description of the Plans.

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
LELS Local No. 234 - Patrol Officers	December 31, 2028
LELS Local No. 234	December 31, 2028

POST EMPLOYMENT BENEFITS

The City has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The City's most recent actuarial study shows a total OPEB liability of \$1,585,408 as of December 31, 2025. The City has been funding these obligations on a pay-as-you-go basis.

Source: The City's most recent actuarial study.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Minnesota Statutes, Section 471.831, as amended, authorizes municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code. A municipality is defined in United States Code, title 11, section 101, as amended through December 31, 1996, but limited to a county, statutory or home rule charter city, or town; or a housing and redevelopment authority, economic development authority, or rural development financing authority established under Chapter 469, a home rule charter or special law.

FUNDS ON HAND (as of March 31, 2026)

Fund	Total Cash and Investments
General	\$6,435,921
Special Revenue - City	(2,917,750)
Special Revenue - HRA	279,271
Debt Service	271,680
Capital Projects	6,636,012
Enterprise Funds	17,687,687
Internal Service	358,350
	<hr/>
Total Funds on Hand	<u><u>\$28,751,171</u></u>

ENTERPRISE FUNDS

Revenues available for debt service on the City's enterprise funds have been as follows as of December 31 each year:

	2022 Audited	2023 Audited	2024 Audited
Electric			
Total Operating Revenues	\$19,193,515	\$19,205,221	\$17,954,579
Less: Operating Expenses	<u>(16,589,576)</u>	<u>(17,170,048)</u>	<u>(15,453,541)</u>
Operating Income	\$2,603,939	\$2,035,173	\$2,501,038
Plus: Depreciation	<u>1,359,886</u>	<u>1,427,160</u>	<u>1,183,720</u>
Revenues Available for Debt Service	<u><u>\$3,963,825</u></u>	<u><u>\$3,462,333</u></u>	<u><u>\$3,684,758</u></u>
Water			
Total Operating Revenues	\$4,226,278	\$4,860,919	\$4,339,421
Less: Operating Expenses	<u>(2,610,180)</u>	<u>(2,751,496)</u>	<u>(2,867,576)</u>
Operating Income	\$1,616,098	\$2,109,423	\$1,471,845
Plus: Depreciation	<u>851,211</u>	<u>916,002</u>	<u>918,091</u>
Revenues Available for Debt Service	<u><u>\$2,467,309</u></u>	<u><u>\$3,025,425</u></u>	<u><u>\$2,389,936</u></u>
Sewer			
Total Operating Revenues	\$5,407,066	\$5,711,614	\$6,140,444
Less: Operating Expenses	<u>(3,347,905)</u>	<u>(3,856,226)</u>	<u>(3,867,212)</u>
Operating Income	\$2,059,161	\$1,855,388	\$2,273,232
Plus: Depreciation	<u>1,384,640</u>	<u>1,465,062</u>	<u>1,440,454</u>
Revenues Available for Debt Service	<u><u>\$3,443,801</u></u>	<u><u>\$3,320,450</u></u>	<u><u>\$3,713,686</u></u>
Municipal Liquor Store			
Total Operating Revenues	\$1,913,232	\$2,076,860	\$1,991,299
Less: Operating Expenses	<u>(1,373,796)</u>	<u>(1,433,760)</u>	<u>(1,438,766)</u>
Operating Income	\$539,436	\$643,100	\$552,533
Plus: Depreciation	<u>60,344</u>	<u>53,476</u>	<u>48,490</u>
Revenues Available for Debt Service	<u><u>\$599,780</u></u>	<u><u>\$696,576</u></u>	<u><u>\$601,023</u></u>

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues, expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the 2024 audited financial statements.

FISCAL YEAR ENDING DECEMBER 31					
COMBINED STATEMENT	2020	2021	2022	2023	2024
	Audited	Audited	Audited	Audited	Audited
Revenues					
General property taxes	\$4,790,249	\$4,963,569	\$5,661,522	\$6,078,791	\$7,339,919
Other taxes	1,931	2,435	3,013	6,668	2,949
Licenses and permits	458,071	543,102	473,301	716,821	600,020
Intergovernmental	2,146,534	1,459,898	1,551,648	1,686,258	1,974,337
Special assessments	4,924	5,508	4,826	4,989	7,210
Charges for services	1,619,222	1,768,407	1,933,560	2,073,073	2,248,019
Fines and forfeits	39,538	45,751	46,360	40,528	41,427
Investment earnings	12,218	5,043	14,610	98,938	209,952
Refunds and reimbursements	118,234	228,388	146,065	312,039	301,466
Contributions and donations	31,344	38,790	42,038	51,170	50,095
Miscellaneous	51,760	5,549	194,547	60,891	24,575
Total Revenues	<u>\$9,274,025</u>	<u>\$9,066,440</u>	<u>\$10,071,490</u>	<u>\$11,130,166</u>	<u>\$12,799,969</u>
Expenditures					
Current:					
General government	\$1,562,710	\$1,496,297	\$1,775,986	\$1,647,321	\$1,723,722
Public safety	3,824,678	3,738,146	3,815,195	4,314,975	4,379,844
Public works	1,425,410	1,426,471	1,469,958	1,769,528	1,731,812
Sanitation	945,738	989,178	1,114,590	1,149,325	1,186,032
Culture and recreation	1,135,125	1,378,243	1,692,287	2,024,274	2,164,072
Capital outlay	674,761	92,126	389,985	842,498	863,018
Debt service	214,953	227,997	235,291	408,735	400,445
Total Expenditures	<u>\$9,783,375</u>	<u>\$9,348,458</u>	<u>\$10,493,292</u>	<u>\$12,156,656</u>	<u>\$12,448,945</u>
Excess of revenues over (under) expenditures	(\$509,350)	(\$282,018)	(\$421,802)	(\$1,026,490)	\$351,024
Other Financing Sources (Uses)					
Lease financing	\$90,151	\$0	\$0	\$35,993	\$0
Proceeds from sale of capital assets	107,447	228,349	20,920	52,357	7,888
Insurance proceeds	0	0	71,630	10,504	0
Bond premium	14,048	0	0	0	0
Bond proceeds	428,400	0	0	0	0
Transfers in	1,454,985	1,400,000	1,379,096	1,250,000	1,150,000
Transfers (out)	(1,364,965)	(1,153,395)	(402,507)	(66,125)	(326,504)
Total Other Financing Sources (Uses)	<u>730,066</u>	<u>474,954</u>	<u>1,069,139</u>	<u>1,282,729</u>	<u>831,384</u>
Net changes in Fund Balances	\$220,716	\$192,936	\$647,337	\$256,239	\$1,182,408
General Fund Balance January 1	<u>\$5,247,811</u>	<u>\$5,568,040</u>	<u>\$5,760,976</u>	<u>\$6,408,313</u>	<u>\$6,664,552</u>
General Fund Balance December 31	\$5,568,040	\$5,760,976	\$6,408,313	\$6,664,552	\$7,846,960
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$2,506,536	\$2,396,958	\$2,198,522	\$2,049,972	\$2,202,106
Committed	0	0	120,000	0	0
Unassigned	3,061,504	3,364,018	4,089,791	4,614,580	5,644,854
Total	<u>\$5,568,040</u>	<u>\$5,760,976</u>	<u>\$6,408,313</u>	<u>\$6,664,552</u>	<u>\$7,846,960</u>

GENERAL FUND BUDGET SUMMARY

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31	
	2025 Adopted Budget ¹	2026 Adopted Budget ²
Revenues		
General property taxes	\$8,072,729	\$8,055,039
Other taxes	0	3,100
Licenses and permits	580,250	576,450
Intergovernmental	1,945,188	2,318,385
Special assessments	5,000	5,000
Charges for services	2,142,200	2,166,300
Fines and forfeits	46,000	46,000
Investment earnings	40,000	100,000
Refunds and reimbursements	22,000	34,000
Contributions and donations	55,000	54,500
Miscellaneous	75,500	48,000
Total Revenues	\$12,983,867	\$13,406,774
Expenditures		
Current:		
General government	\$2,629,495	\$2,489,313
Public safety	4,516,349	4,893,379
Public works	2,136,358	2,523,752
Sanitation	1,286,052	1,214,728
Culture and recreation	2,489,773	2,613,302
Capital outlay	502,500	797,000
Debt service	423,340	179,800
Total Expenditures	\$13,983,867	\$14,711,274
Excess of revenues over (under) expenditures	(\$1,000,000)	(\$1,304,500)
Other Financing Sources (Uses)		
Proceeds from sale of capital assets	\$0	\$94,500
Transfers in	1,050,000	\$1,260,000
Transfers (out)	(50,000)	(50,000)
Total Other Financing Sources (Uses)	\$1,000,000	1,304,500
Net changes in Fund Balances	\$0	\$0
General Fund Balance January 1	<u>\$7,846,960</u>	<u>\$7,846,960</u>
General Fund Balance December 31	\$7,846,960	\$7,846,960

¹ The 2025 budget was adopted on December 16, 2024.

² The 2026 budget was adopted on December 15, 2025.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 16,168 and a 2024 population estimate of 16,815, and comprising an area of 9.59 square miles, is located approximately 35 miles northwest of St. Paul, Minnesota. The City is the county seat of Wright County, Minnesota.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
I.S.D. No. 877 (Buffalo-Hanover-Montrose)	Elementary and secondary education	965
Wright County	County and government services	947
Walmart Supercenter	Discount retail and grocery store	350
Buffalo Hospital	Hospital	326
Stellis Health-Buffalo Clinic	Medical services	230
Park View Care Center	Nursing home	200
Cub Foods	Grocery store	195
The City	Local government and services	189
Centra Sota Co-Op	Agriculture cooperative	150
Allina Health Buffalo Clinic	Medical services	129

Source: Data Axle Reference Solutions, written and telephone survey, and the Minnesota Department of Employment and Economic Development.

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

BUILDING PERMITS (as of March 30, 2026)

	2022	2023	2024	2025	2026
<u>New Single Family Homes</u>					
No. of building permits	37	69	70	61	8
Valuation	\$12,066,312	\$20,853,205	\$20,761,157	\$19,153,939	\$2,451,314
<u>New Multiple Family Buildings</u>					
No. of building permits	0	1	0	0	0
Valuation	\$0	\$9,910,000	\$0	\$0	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	1	3	5	1	2
Valuation	\$1,000,000	\$924,400	\$3,194,031	\$456,000	\$4,340,000
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	878	1,087	907	914	141
Valuation	\$31,832,452	\$50,549,940	\$44,356,418	\$53,291,762	\$11,151,538

Source: The City.

U.S. CENSUS DATA**Population Trend:** The City

2010 U.S. Census population	15,453
2020 U.S. Census population	16,168
Percent of Change 2010 - 2020	4.63%
2024 State Demographer Population Estimate	16,815

Income and Age Statistics

	The City	Wright County	State of Minnesota	United States
2024 per capita income	\$39,807	\$46,650	\$48,237	\$44,673
2024 median household income	\$88,820	\$107,209	\$89,062	\$80,734
2024 median family income	\$100,600	\$126,550	\$113,993	\$99,999
2024 median gross rent	\$1,182	\$1,288	\$1,280	\$1,413
2024 median value owner occupied units	\$314,400	\$358,900	\$329,300	\$332,700
2024 median age	38.6 yrs.	37.6 yrs.	38.8 yrs.	38.9 yrs.

	State of Minnesota	United States
City % of 2024 per capita income	82.52%	89.11%
City % of 2024 median family income	88.25%	100.60%

Housing Statistics

	<u>The City</u>		Percent of Change
	2020	2024	
All Housing Units	6,069	6,384	5.19%

Source: 2010 and 2020 Census of Population and Housing, and 2024 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov>), and Minnesota State Demographer (<https://mn.gov/admin/demography/data-by-topic/population-data/our-estimates/>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Wright County	Wright County	State of Minnesota	
2022	80,204	2.2%	2.5%	
2023	82,145	2.7%	2.8%	
2024	83,464	3.1%	3.1%	
2025	83,841	3.8%	3.9%	
2026, February	81,578	5.6%	5.3%	

Source: Minnesota Department of Employment and Economic Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

CITY OF BUFFALO, MINNESOTA

ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Fiscal Year Ended
December 31, 2024

Buffalo

CITY OF BUFFALO, MINNESOTA

CITY OF BUFFALO, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2024

PREPARED BY: FINANCE DEPARTMENT

**CITY OF BUFFALO, MINNESOTA
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2024**

INTRODUCTORY SECTION

TRANSMITTAL LETTER	1
GFOA CERTIFICATE OF ACHIEVEMENT	7
ORGANIZATIONAL CHART	8
PRINCIPAL OFFICIALS	9

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	10
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS	14
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	28
STATEMENT OF ACTIVITIES	29
GOVERNMENTAL FUNDS	
BALANCE SHEET	31
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION — GOVERNMENTAL ACTIVITIES	33
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE	34
RECONCILIATION OF GOVERNMENTAL STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES	36
PROPRIETARY FUNDS	
STATEMENT OF NET POSITION	37
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	41
STATEMENT OF CASH FLOWS	43
NOTES TO BASIC FINANCIAL STATEMENTS	47
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	99
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET	101

**CITY OF BUFFALO, MINNESOTA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

FINANCIAL SECTION (CONTINUED)

SCHEDULE OF CITY PENSION CONTRIBUTIONS	103
SCHEDULE OF CHANGES IN THE CITY’S TOTAL OPEB LIABILITY AND RELATED RATIOS	105
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – GENERAL FUND	106
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	110
SUPPLEMENTARY INFORMATION	
COMBINING AND INDIVIDUAL NONMAJOR GOVERNMENTAL FUND FINANCIAL STATEMENTS	
COMBINING BALANCE SHEET	121
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE	123
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – FIRE SPECIAL REVENUE FUND	125
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – LIBRARY SPECIAL REVENUE FUND	126
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – CIVIC CENTER SPECIAL REVENUE FUND	127
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – AIRPORT SPECIAL REVENUE FUND	128
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – FIBER SPECIAL REVENUE FUND	129
OTHER COMBINING SCHEDULES	
COMBINING BALANCE SHEET – DEBT SERVICE FUND – BY BOND ISSUE	130
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – DEBT SERVICE FUND – BY BOND ISSUE	134
COMBINING BALANCE SHEET – CAPITAL PROJECT FUND – BY PROJECT	138

**CITY OF BUFFALO, MINNESOTA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – CAPITAL PROJECT FUND – BY PROJECT	142
COMBINING BALANCE SHEET – HRA OF BUFFALO FUND – BY TIF DISTRICT	146
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – HRA OF BUFFALO FUND – BY TIF DISTRICT	148
STATISTICAL SECTION	
NET POSITION BY COMPONENT	151
CHANGES IN NET POSITION BY COMPONENT	152
FUND BALANCES OF GOVERNMENTAL FUNDS	154
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS	155
TAX REVENUES BY SOURCE	157
TAX CAPACITY AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	158
PRINCIPAL PROPERTY TAXPAYERS	159
PROPERTY TAX LEVIES AND COLLECTIONS	160
DIRECT AND OVERLAPPING PROPERTY TAX RATES	161
RATIOS OF OUTSTANDING DEBT BY TYPE	162
RATIOS OF GENERAL BONDED DEBT OUTSTANDING	164
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT	165
LEGAL DEBT MARGIN INFORMATION	166
PLEDGED REVENUE COVERAGE	167
DEMOGRAPHIC AND ECONOMIC STATISTICS	168
PRINCIPAL EMPLOYERS	169
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM	170
OPERATING INDICATORS BY FUNCTION/PROGRAM	171
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM	172

INTRODUCTORY SECTION



May 27, 2025

To the Honorable Mayor, Members of City Council, and the Residents of the City of Buffalo:

Minnesota Statutes require all cities to issue an annual report on the City's financial position and activity prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, the City hereby issues the Annual Comprehensive Financial Report (ACFR) of the City of Buffalo, Minnesota (the City) for the year ended December 31, 2024. The organization, form, and contents of this report were prepared in accordance with the standards prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA), the American Institute of Certified Public Accountants (AICPA), the Minnesota Office of the State Auditor, and the City Code.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, supporting schedules, statistical tables, etc., rests with the management of the City of Buffalo. Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any misstatements. To the best of our knowledge and belief, the enclosed data is accurate, in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's financial statements have been audited by CliftonLarsonAllen, LLP and an unmodified ("clean") opinion has been issued. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) provides a narrative introduction, overview, and analysis of the basic financial statements. This transmittal letter is designed to complement and should be read in conjunction with the MD&A. The City's MD&A can be found immediately following the independent auditors' report.

Profile of the City

The City is situated in a prime location on State Highways 55 & 25 just outside the Twin Cities Metro area about 42 miles northwest of downtown Minneapolis and is also a convenient drive to the Saint Cloud Metro area. The City is a freestanding urban fringe community encompassing approximately 9 square miles and a population of 16,884. Buffalo is the county seat of the growing Wright County and provides a mix of small community charm and suburban amenities as a regional destination for shopping, services, and leisure.

The City was founded by second-generation Americans who migrated west in the mid-1800s. Incorporated in 1887, the City grew with the arrival of the railroad bringing life and energy to the area. Buffalo owes its existence to the two lakes, Buffalo, and Pulaski. The lakes attracted the earliest settlers, provided food, ice, and recreation for the past 150 years, drew tourists in our resort days, and still today contribute greatly to our quality-of-life, pride and even “notoriety” as a community.

The City is categorized as a 501(a) entity by IRS Code and operates under the “Optional Plan A” form of government as defined in Minnesota Statutes. Under this plan, the government of the City is directed by a City Council composed of an elected mayor and four elected City council members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. Council members serve four-year terms, with two members elected every two years. The mayor is elected for a two-year term. The mayor and members of the City Council are elected at large.

The City provides a full range of services including police protection, a volunteer fire department, street and park maintenance and construction, protection of environmental resources, recreation opportunities, City planning, licensing, permits, inspections, and code enforcement. The City operates an electric utility, a fiber utility, a water utility, a sanitary sewer utility, a storm sewer utility, a sidewalk/trail snowplowing system, a street lighting system, a municipal airport, a community center, an ice arena, and two off-sale liquor stores. The City is committed to delivering quality services at an affordable price. The City Council has directed the City staff to provide services to the community through a clearly defined goal, or Mega End Statement (Vision) that states:

Buffalo will continue to grow by fostering an environment of superior services, innovation in all areas, and a safe environment to live, work and play. Every citizen will accept responsibility and will be accountable for success!

In accordance with GASB pronouncements, the City’s financial statements include all funds, departments of the City (the primary government), and its component unit. The component unit, included in the City’s reporting entity, the Buffalo Housing & Redevelopment Authority (HRA), has been included because the City has financial and operational responsibility of the HRA. As a result of applying the entity definition criteria of the GASB, the HRA has been included in the City’s financial statements as a blended component unit.

The City's budget process begins with a review of the City's financial management plan which is the document that provides the framework for financial decision making. The Finance Department prepares estimates for an annual budget and submits them to the City Council for approval. The budget is prepared by fund, function (e.g., public works), and department (e.g., streets).

The City prepares annually appropriated budgets for both governmental and proprietary funds. Budgetary comparison schedules for the General Fund and applicable special revenue funds can be found in the required and supplementary information sections of this report. For the City's governmental funds, annual appropriations include the City's General Fund, Library Fund, Airport Fund, Fire Fund, and Civic Center Fund. The City does not annually appropriate a budget for the HRA of Buffalo Fund, a blended component unit, as such a budget, is not legally required by the City. Annually appropriated proprietary funds include the City's Electric Utility, Fiber Utility, Water Utility, Sanitary Sewer (Wastewater Reclamation) Utility, and Liquor Fund. The City maintains an Internal Service Fund for its Management Information Services (MIS), which also is budgeted on an annual basis.

The City Council is required to adopt a final budget by late December for the subsequent year. After the budget is adopted, the City Administrator has the authority to reallocate resources between departments within funds; however, changes to the total budgeted expenditures require approval by the City Council. The legal level of budgetary control is the department level in the General Fund and fund level in all other funds. Budget amendments require City Council approval.

Local Economy

The City is recovering from economic woes that affected many communities in Wright County and throughout the State of Minnesota in the late 2000s, and recently, the COVID-19 pandemic. During the economic downturn, the City lost very few of its local businesses, although some reduced their workforce and scaled back operations. New commercial development came to a virtual standstill and growth remains conservative but is increasing. Residential growth has increased greatly from a decade ago when the economic downturn was still causing slow development, but still has not reached pre-economic downturn levels.

The City's tax base is primarily residential and approximately 24% commercial property. Total market value has grown over the past ten years consistent with the statewide and nationwide trends in the housing market. Property value growth consists of both growth from valuation increases on existing properties and growth due to new construction and remodeling.

The local economy has continued to grow as indicated by the building permits, with a construction value of \$44,356,418, being issued in 2024. New construction accounts for \$23,955,188 and additions/remodels make up the remaining \$18,822,335 balance. In 2024, the City issued 70 new housing permits compared to 69 in 2023. There has been continued interest in both affordable and market rate multi-family housing projects. The City is proactively addressing the needs for redevelopment and housing maintenance as the City ages to continue to maintain the City's healthy property value growth.

Many of Buffalo's largest employers reported stable or steady growth of employment levels between 2023 and 2024. This is largely due to a thriving manufacturing base and a successful, fast-growing business community within the region. The commercial/industrial sector has experienced growth, expansion, and reinvestment in 2024. The outlook in this region looks promising with commercial industrial activity and the recent single-family residential development projects.

In 2024, the City continued the Highway 25 Street Reconstruction and Utility Improvement Project, in which Federal and State funds partially financed the reconstruction thereof. Additionally, the City purchased a new building to be used as its new Community Center.

Long-term Financial Planning

The City faces the financial and redevelopment challenges associated with an established yet growing City. Protecting property values of an aging housing stock will become increasingly important to City homeowners as well as maintaining the tax base of the City. The City's property maintenance code enforcement is helping to improve the quality of residences and businesses throughout the community.

Inflation and reduced state government aid have kept pressure on City budgets. Fortunately, the City is well positioned to deal with these challenges because of the broad diversification of the tax base and long-term financial planning.

The City has developed a financial management plan (FMP) that clearly establishes low tax rates, infrastructure investment, and good standing within the financial community as top priorities. The Financial Management Plan provides a long-range forecast that brings together future expenditures, revenues, and development of the City. The City Council has been diligent in maintaining a level tax rate. The City has experienced a decrease in the tax rate from 57.2% of net tax capacity in 2019 to 47.9% for 2024. This plan provides the information needed to develop in a manner that will sustain or expand City services while keeping the property taxes stable. Department heads take part in this process to estimate staff additions, service levels, and capital needs for the next ten years. The financial management plan is updated and reviewed annually as part of the annual budget and five-year comprehensive Capital Improvement Plan (CIP) process. The CIP is a five-year planning tool that forecasts the City's capital needs based on the City's long-range plans, goals, and policies. Furthermore, the City has forged partnerships throughout the community that will ensure a coordinated community-wide approach to addressing the challenges and opportunities of the future.

Infrastructure replacement costs will likely consume an increasing portion of the budget as the City's infrastructure ages. The combination of limited new tax base and increased demand for enhanced maintenance and replacement of infrastructure (roads, water and sewer utilities and additional storm water improvements) presents the most significant set of financial challenges for the City of Buffalo. Numerous strategic steps have been taken to improve the City government's responsiveness to these and other anticipated community needs.

Among the most significant steps taken to date has been the commitment by the City Council to allocate a portion of the general property tax levy to fund the City's pavement management program and to begin a modest Parks levy. In addition, the City Council made a commitment to set utility rates to fund system depreciation for adequate maintenance and replacement of the Water and Water Reclamation utilities and Storm Water improvements. These steps have placed the City in a proactive stance for preserving the value of the community's more than \$160 million capital asset investment. The City prepares an annual 5-year capital improvements plan for addition and replacement of the City's infrastructure.

The City Council approved a 2025 budget that called for a total increase in tax levy of 9.3%. The adopted 2025 budget addresses fundamental community needs, including maintaining established basic service levels and long-term infrastructure replacement.

Relevant Financial Policies

The City has a continual and ongoing process of reviewing and establishing a comprehensive set of Financial Management Policies that provide the basic framework for the overall fiscal management of the City. Newly added policies in 2024 include a GASB #96 – Subscription Based IT Arrangements Internal Control Policy, a Travel Policy, and amended Special Assessment Policy. Other city policies cover investments, purchasing, federal awards, fund balance, and post-issuance debt compliance policies. It is important for the financial stability of the City to maintain reserve funds for unanticipated expenditures or unforeseen emergencies, as well as to provide adequate working capital for current operating needs to avoid short-term borrowing. The City's financial management plan states that the fund balances in the General and Special Revenue Funds will be maintained at a minimum target level of fifty percent of the following year's operating budgeted expenditures or a six-months minimum of those expenditures. The targeted level of fund balance maintained by the City, however, can fluctuate with each year's budget objectives and appropriations such as large capital expenditures and variation in the collection of revenues. The City is currently working on financial strategies to have the General Fund's unassigned balance reach the targeted level directed by the financial management plan. This financial management plan also directs that the use of one-time revenues be used for one-time expenditures.

Major Initiatives

The City began its Fiber: Phase – 1 network expansion project in 2024, and the City plans to continue into Phase – 2 in 2025. The Fiber Optic Network is planned to be rolled out to the entire City through multiple phases.

The City began the first phase in updating the Comprehensive Plan in 2020 with downtown revitalization as a priority focus through 2040. Actions taken in 2024 included the wrap-up of the Small Cities Development Program (SCDP) funded through the City's HRA and the Minnesota Department of Employment and Economic Development (DEED). The forthcoming NE Area Reconstruction and Improvement project slated for 2026 will additionally improve the revitalization the historic downtown. The Downtown Plan serves as an element of the Comprehensive plan and acts as a guiding policy document for keeping historic downtown vibrant. Goals of the update include supporting commercial development opportunities, maintaining focus on downtown revitalization and viability, and maintaining/increasing focus on diversified housing. The challenge moving forward will be the implementation of the plan and creating development opportunities within the downtown area for new and existing businesses as well as diversified housing.

The City continues to develop and implement the Financial Management Plan as a long-term planning tool to identify sustainable funding mechanisms for future facilities, streets, equipment, and other infrastructure improvements. This tool is part of the annual budget and five-year capital improvement plan development process.

The City continues the process of updating the entire City Code, incorporating all statute changes and best practice recommendations.

The City had \$22.1 million of capital asset additions, and \$18.8 million in construction-in progress for the year-ended 2024. Several City streets saw work during the year, including the TH 25 South Street Reconstruction project, mill and overlay for the streets included for the 2024 Street Maintenance Project. The City also purchased a new building for its new Community Center, with plans to improve the property for opening in late 2025. Additionally, the Electric fund continued its Automatic Metering Infrastructure (AMI) project, the Fiber utility began Phase 1 of the Fiber Expansion project with plans to start Phase 2 early in 2025, and the City's Wastewater Treatment Facility completed its improvements to its pre-treatment building.

Awards & Acknowledgments

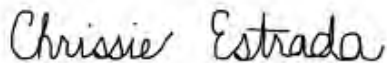
The Government Finance Officers Association of the United States and Canada (GFOA) established the Certificate of Achievement for Excellence in Financial Reporting Program (COA) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare annual comprehensive financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal. The goal of the program is not to assess the financial health of participating governments, but rather to ensure that users of their financial statements have the information they need to do so themselves.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Financial Report for the year ended December 31, 2023. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one-year only. The City believes the current Financial Report conforms to the Certificate of Achievement program requirements, and the City will be submitting the report to the GFOA to determine its eligibility for a certificate.

The 2024 Financial Report meets the highest professional standards and was prepared in a timely and cost-effective manner. The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department, other City department heads, and through the helpful guidance and assistance from our audit firm, CLA. Credit also must be given to the Mayor and City Council for their support in maintaining high standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in black ink that reads "Chrissie Estrada". The signature is written in a cursive, flowing style.

Chrissie Estrada
Assistant Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Buffalo
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill

Executive Director/CEO

**CITY OF BUFFALO, MINNESOTA
ORGANIZATIONAL CHART
DECEMBER 31, 2024**



**CITY OF BUFFALO, MINNESOTA
PRINCIPAL OFFICIALS
DECEMBER 31, 2024**

Elected Officials

		<u>Term Expires</u>
Mayor	Teri Lachermeier	December 31, 2024
Council Member	George Fantauzza	December 31, 2024
Council Member	Steve Downer	December 31, 2024
Council Member	Erin Walsh	December 31, 2026
Council Member	Brad Dahl	December 31, 2026

Appointed Officials

Administrator	Taylor Gronau
Utilities and IT Director	Jason Meusburger
Finance Director	Vacant
Police Chief	Pat Budke
Fire Chief	John Harnois
Parks and Recreation Director	Lee Ryan
Community and Economic Development Director	David Kelly
Community Center Manager	Adam Leiferman
Director of Liquor Operations	Jason Swanson
Human Resources Manager	Carmen Merrill

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Buffalo, Minnesota (the City) as of and for the year ended December 31, 2024, and the related notes of the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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

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

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

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

Auditors' 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 auditors' 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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the City's proportionate share of the net pension liability, the schedule of the City's proportionate share of the net pension asset, the schedule of the City's pension contributions, the schedule of changes in the City's total OPEB liability and related ratios, and the budgetary comparison schedule – general fund 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 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 GAAS, 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's basic financial statements. The combining and individual nonmajor governmental fund financial statements and schedules, the debt service fund by bond issue financial statements, the capital project fund by project financial statements and the HRA of Buffalo Fund by TIF district financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor governmental fund financial statements and schedules, the Debt Service Fund by Bond Issue financial schedules, the Capital Project Fund by Project financial schedules and the HRA of Buffalo Fund by TIF District financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

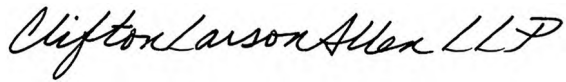
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Alexandria, Minnesota
May 27, 2025

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

As management of the City of Buffalo, Minnesota (the City), we offer readers of the City of Buffalo's financial statements this narrative overview and analysis of the financial activities of the City of Buffalo for the fiscal year ended December 31, 2024.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$113,254,820 (net position). The unrestricted portion of net position, the portion used to meet the City's ongoing obligations to citizens and creditors, is \$23,543,732.
- The City's total net position increased by \$14,555,986 from 2023 mainly due to a number of factors including a significant amount of contributed assets, an overall decrease in business-type expenses, and planned projects that came in below budget.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$13,725,266, a decrease of \$2,667,843 in comparison with the prior year. The overall unassigned fund balance is \$938,331.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,644,854, or 45% of total 2024 General Fund expenditures.
- The City's total bonded debt increased by \$1,897,134 or 2.5% during the current fiscal period.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
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's finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Statements (Continued)

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 and unused compensated absences). Both of the government-wide financial statements distinguish functions of the City 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 cost through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, sanitation, culture and recreation, and community development. The business-type activities of the City include water, sewer, electric and fiber utilities, and liquor stores.

The government-wide financial statements can be found on pages 28 to 30 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the 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 *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 City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains nine 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, Debt Service Fund, Capital Project Fund, and HRA Debt Service Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 31 to 36 of this report.

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

Proprietary Funds

The City maintains four proprietary fund types. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer utilities, electric utilities, and liquor store operations.

The proprietary fund statements provide the same type of information as business-type activities in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, Sewer Fund, Electric Fund, and Liquor Fund which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 37 to 46 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 financial statements can be found on pages 47 to 98 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information (RSI)* demonstrating the City's compliance with its adopted budget for the General Fund and information regarding defined benefit pension plans and other postemployment benefits that the City participates in. The RSI and related notes can be found on pages 99 to 120 of this report.

Supplementary Information

The combining statements referred to earlier in conjunction with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual nonmajor governmental fund statements and schedules can be found on pages 121 to 129. The Debt Service Fund by Bond Issue financial schedules, the Capital Project Fund by Project financial schedules and the HRA of Buffalo Fund by TIF District financial schedules can be found on pages 130 to 149.

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

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, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows by \$113,254,820 at the close of the most recent fiscal year compared to \$98,698,834 at the end of 2023.

By far, the largest portion of the City's net position (73%) reflects its net investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF BUFFALO'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current and Other Assets	\$ 20,497,992	\$ 24,265,124	\$ 24,949,337	\$ 16,868,532	\$ 45,447,329	\$ 41,133,656
Capital Assets	81,364,644	66,709,357	82,209,688	84,150,777	163,574,332	150,860,134
Total Assets	101,862,636	90,974,481	107,159,025	101,019,309	209,021,661	191,993,790
DEFERRED OUTFLOWS OF RESOURCES						
	3,942,679	4,842,491	639,769	1,067,807	4,582,448	5,910,298
LIABILITIES						
Noncurrent Liabilities Outstanding	29,736,478	28,261,046	47,764,775	51,751,362	77,501,253	80,012,408
Other Liabilities	5,960,259	6,420,970	8,964,522	4,939,972	14,924,781	11,360,942
Total Liabilities	35,696,737	34,682,016	56,729,297	56,691,334	92,426,034	91,373,350
DEFERRED INFLOWS OF RESOURCES						
	6,789,427	6,870,946	1,133,828	960,958	7,923,255	7,831,904
NET POSITION						
Net Investment in Capital Assets	53,997,840	44,143,859	28,191,417	33,876,029	82,189,257	78,019,888
Restricted	7,521,831	7,944,776	-	-	7,521,831	7,944,776
Unrestricted	1,799,480	2,175,375	21,744,252	10,558,795	23,543,732	12,734,170
Total Net Position	\$ 63,319,151	\$ 54,264,010	\$ 49,935,669	\$ 44,434,824	\$ 113,254,820	\$ 98,698,834

The City's restricted net position (7%) can be used only for debt service, transportation or other restricted purposes. The remaining balance represents unrestricted net position that may be used to meet the City's ongoing obligations to citizens and creditors.

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities

Governmental activities increased the City's net position by \$9,055,141. The most significant change in governmental net position is due to the following:

A \$1,075,732 increase in taxes from prior year due to an overall 11% increase in the property tax levy set for 2024. In addition, \$1,946,892 of capital assets were contributed to governmental activities from business-type activities for fiber operations.

Business-Type Activities

Business-type activities increased the City's net position by \$5,500,845. Overall, activity remained similar to prior year with the exception of fiber operations. There was a decrease in fees, charges, fines, and other revenue for \$1,358,008 with an offsetting decrease in electric expenses of \$1,827,479 related to prior fiber operations.

City of Buffalo's Changes in Net Position

Condensed statements of revenues, expenses, and changes in net position highlights are as follows for the year ended December 31, 2024:

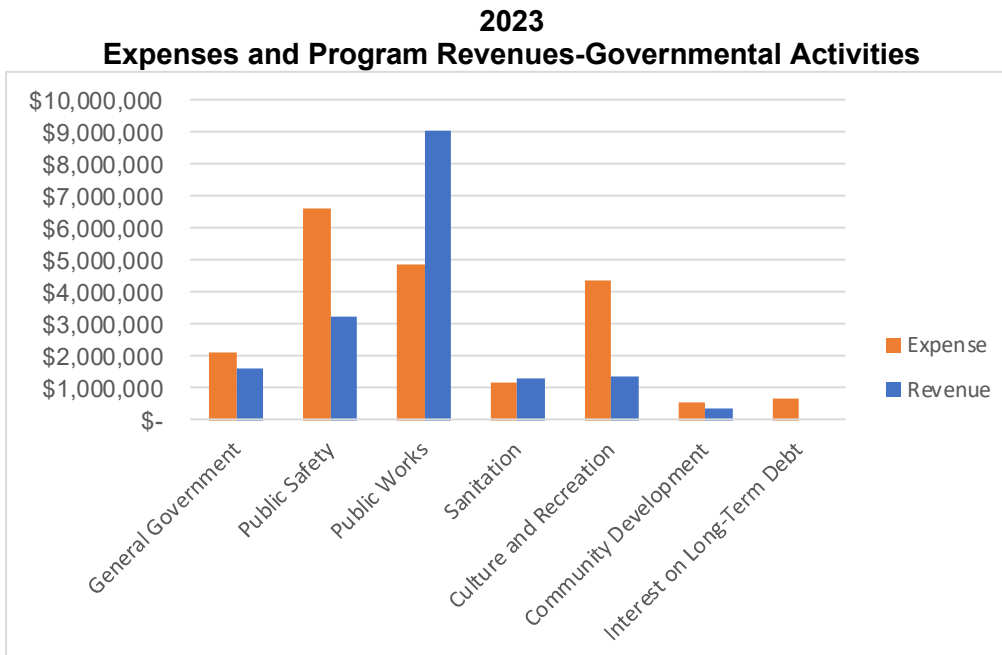
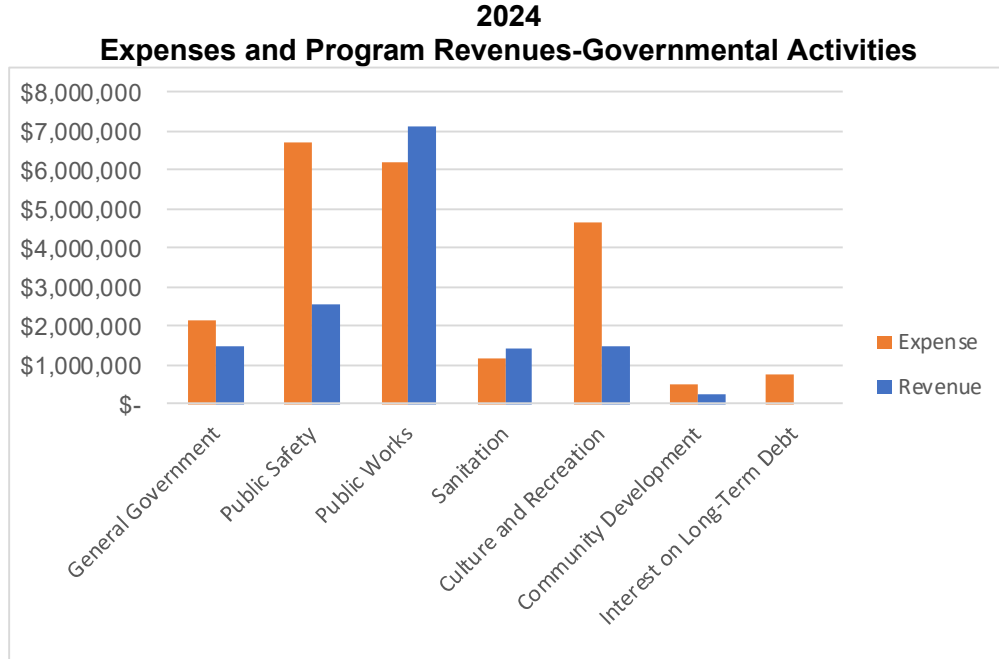
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program Revenues:						
Fees, Charges, Fines, and Other	\$ 6,554,008	\$ 6,712,912	\$ 35,592,588	\$ 36,950,596	\$ 42,146,596	\$ 43,663,508
Operating Grants and Contributions	962,013	1,715,530	810,029	1,049,549	1,772,042	2,765,079
Capital Grants and Contributions	6,823,291	8,463,229	1,346,988	1,013,228	8,170,279	9,476,457
General Revenues:						
Property Taxes	11,253,906	10,178,174	499,629	501,978	11,753,535	10,680,152
Tax Increments	140,187	137,052	-	-	140,187	137,052
Other Taxes	2,949	6,668	-	-	2,949	6,668
Grants and Contributions, Not Restricted	1,786,608	1,339,492	-	-	1,786,608	1,339,492
Unrestricted Investment Earnings	618,448	330,736	319,634	229,704	938,082	560,440
Gain on Disposal of Capital Assets	7,888	52,121	8,627	18,270	16,515	70,391
Miscellaneous	100,127	131,192	249,813	352,638	349,940	483,830
Total Revenues	<u>28,249,425</u>	<u>29,067,106</u>	<u>38,827,308</u>	<u>40,115,963</u>	<u>67,076,733</u>	<u>69,183,069</u>
EXPENSES						
General Government	2,150,391	2,083,945	-	-	2,150,391	2,083,945
Public Safety	6,720,981	6,578,892	-	-	6,720,981	6,578,892
Public Works	6,190,419	4,825,615	-	-	6,190,419	4,825,615
Culture and Recreation	4,665,759	4,354,913	-	-	4,665,759	4,354,913
Sanitation	1,184,263	1,150,918	-	-	1,184,263	1,150,918
Community Development	509,879	517,943	-	-	509,879	517,943
Interest on Long-Term Debt	741,711	653,288	-	-	741,711	653,288
Electric	-	-	15,643,472	17,470,951	15,643,472	17,470,951
Water	-	-	3,376,053	3,324,046	3,376,053	3,324,046
Sewer	-	-	4,718,528	4,720,679	4,718,528	4,720,679
Liquor Store	-	-	6,619,291	6,522,771	6,619,291	6,522,771
Total Expenses	<u>22,163,403</u>	<u>20,165,514</u>	<u>30,357,344</u>	<u>32,038,447</u>	<u>52,520,747</u>	<u>52,203,961</u>
Increase (Decrease) in Net Position Before Transfers and Special Item	6,086,022	8,901,592	8,469,964	8,077,516	14,555,986	16,979,108
Transfers	<u>2,969,119</u>	<u>1,677,772</u>	<u>(2,969,119)</u>	<u>(1,677,772)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>9,055,141</u>	<u>10,579,364</u>	<u>5,500,845</u>	<u>6,399,744</u>	<u>14,555,986</u>	<u>16,979,108</u>
Net Position - Beginning of Year	<u>54,264,010</u>	<u>43,684,646</u>	<u>44,434,824</u>	<u>38,035,080</u>	<u>98,698,834</u>	<u>81,719,726</u>
NET POSITION - END OF YEAR	<u>\$ 63,319,151</u>	<u>\$ 54,264,010</u>	<u>\$ 49,935,669</u>	<u>\$ 44,434,824</u>	<u>\$ 113,254,820</u>	<u>\$ 98,698,834</u>

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

City of Buffalo's Changes in Net Position (Continued)

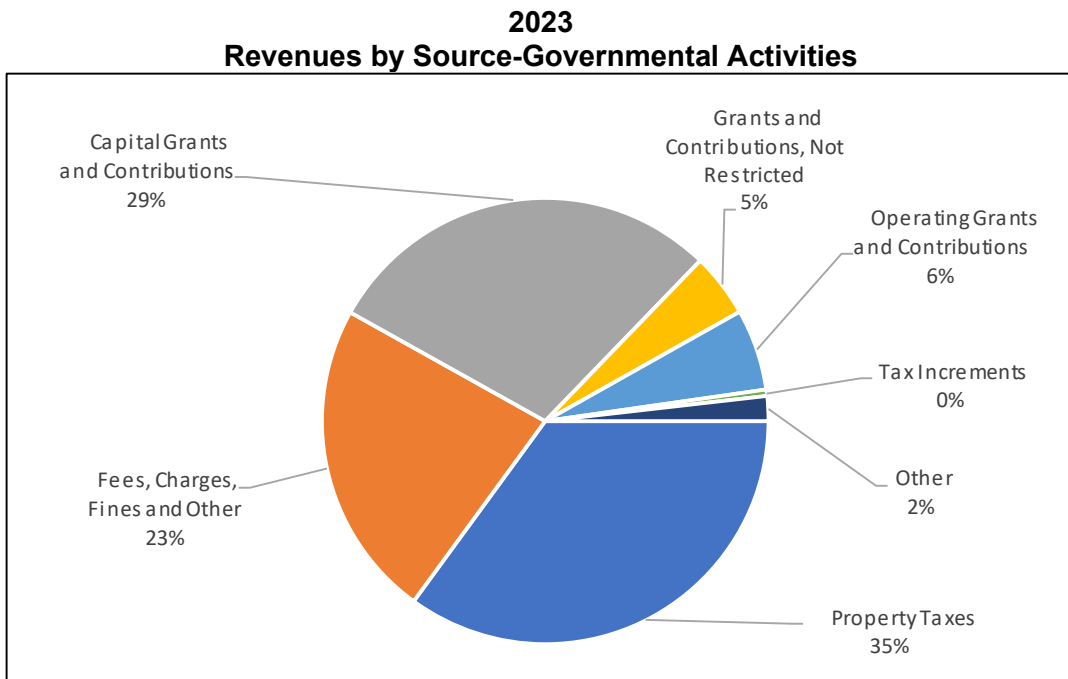
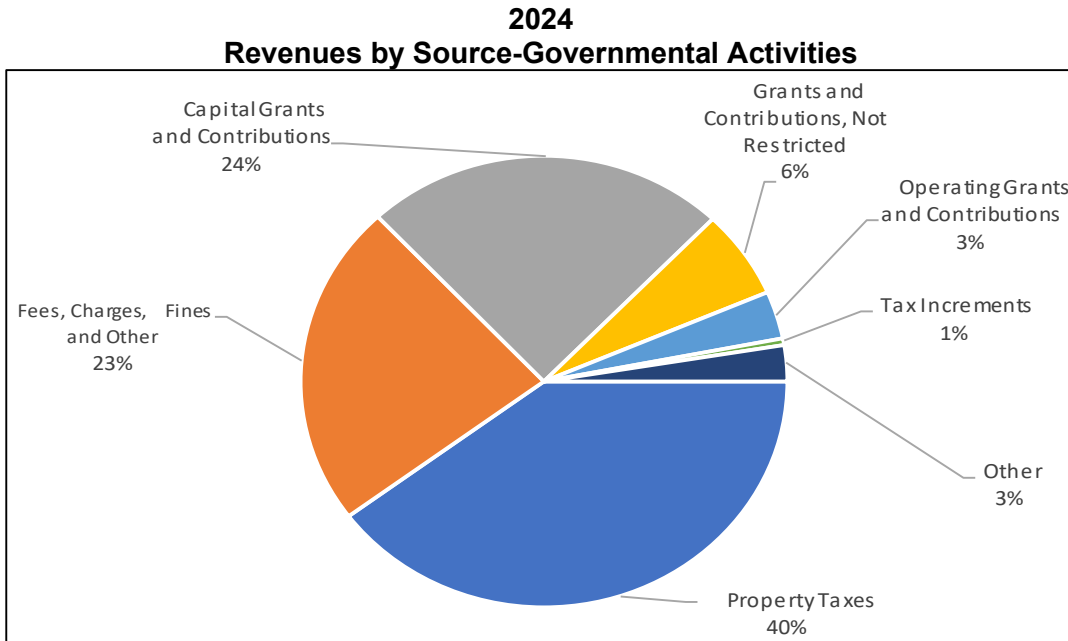
Below are specific graphs that provide comparisons of the governmental activities' direct program revenues with their expenditures. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.



**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

City of Buffalo's Changes in Net Position (Continued)

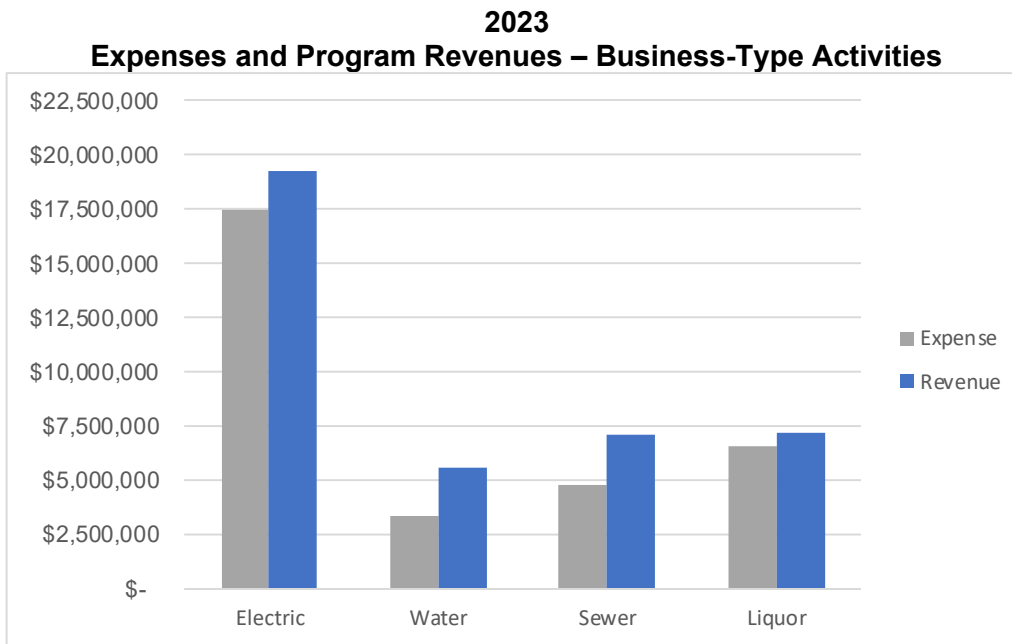
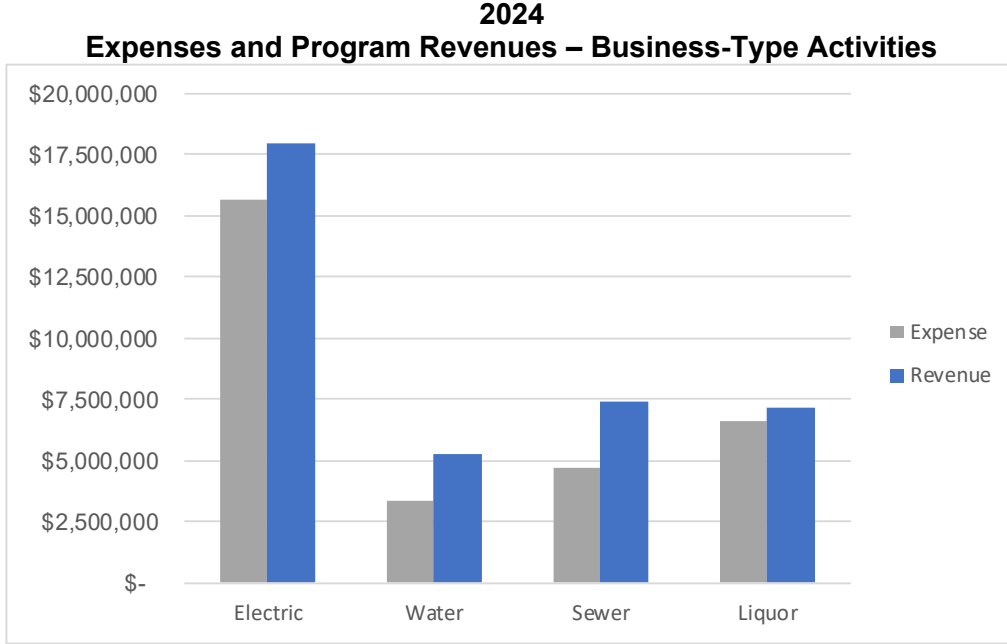


**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

City of Buffalo's Changes in Net Position (Continued)

Below are specific graphs that provide comparisons of the business-type activities' direct program revenues with their expenditures. Excess revenues are retained within each fund until such time that capital replacement is needed.

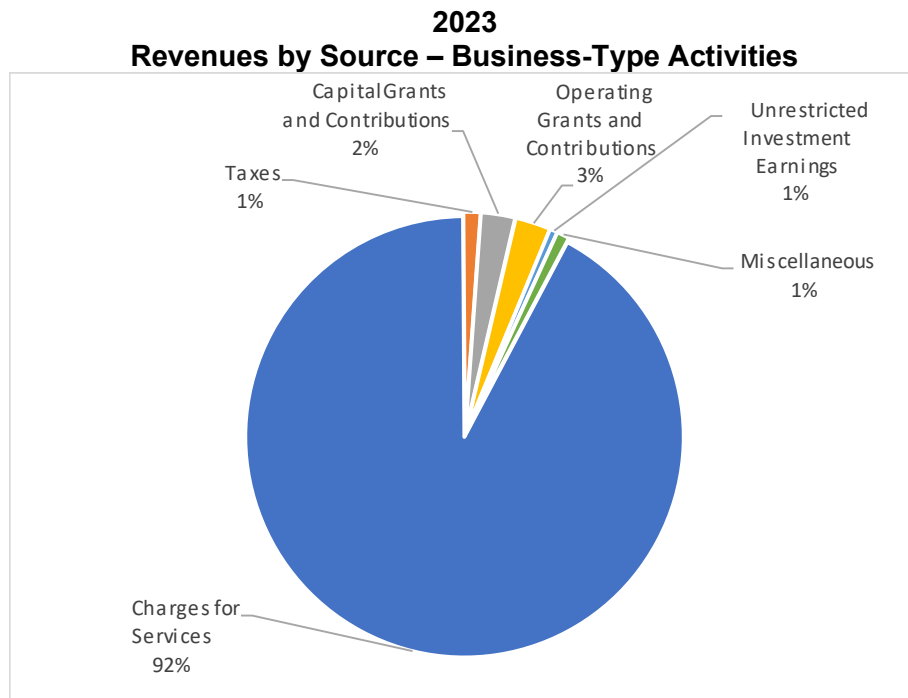
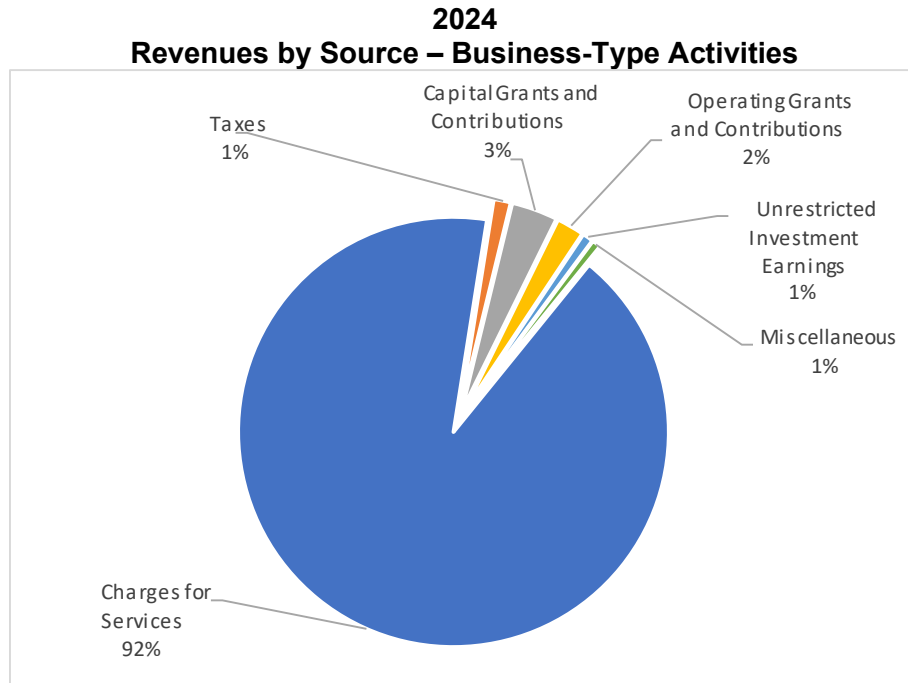


Note: Other income amounts for developer installed utilities and contributed capital from other funds are not included in program revenues in the above graphs.

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

City of Buffalo's Changes in Net Position (Continued)



Note: Other income amounts for developer installed utilities and contributed capital from other funds are not included in revenues in the above charts.

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a 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's governmental funds reported combined ending fund balances of \$13,725,266, a decrease of \$2,667,843 in comparison with 2023. The City reported unassigned fund balance in the amount of \$938,331. The remainder of fund balance is nonspendable, restricted, or committed to indicate that it is not available for new spending. At December 31, 2024 fund balances were as follows:

	Balance	Increase (Decrease) from 2023
General Fund	\$ 7,846,960	\$ 1,182,408
Debt Service Fund	4,537,163	(1,074,358)
Capital Project Fund	3,578,772	(2,083,381)
HRA Debt Service Fund	(1,067,794)	133,012
Other Governmental Funds	(1,169,835)	(825,524)
Total	\$ 13,725,266	\$ (2,667,843)

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,644,854.

During the current fiscal year, the City's General Fund balance increased by \$1,182,408. The increase was a result of strong revenues, a capital project coming in below budget, unfilled positions, and a light year for snow removal.

Debt Service

The decrease in the Debt Service Fund balance of \$1,074,358 was the result of debt service payments in excess of revenues.

Capital Project

The Capital Projects Fund balance decreased \$2,083,381 as a result of expenditures exceeding revenues, and other financing sources. This is mainly due to an increase in costs relating to various projects including TH25 South reconstruction, street improvements, fiber buildout, and community center purchase and renovation.

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Governmental Funds (Continued)

HRA Debt Service

The HRA Debt Service Fund balance increased \$133,012 mainly due to the transfer from the HRA of Buffalo Fund to service the Series 2017C bond payments for a downtown redevelopment project.

Proprietary Funds

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

Total net position in the Electric Fund at the end of 2024 was \$20,480,953 of which \$10,895,558 is unrestricted. Net position decreased \$306,721 during the current year primarily due to capital contributions to governmental activities for fiber related infrastructure.

The Water Fund has total net position of \$6,987,891 of which \$1,724,638 is unrestricted. The increase in net position of \$1,905,199 from 2023 was due to an increase in sales.

The Sewer Fund has total net position of \$19,900,996. It has an unrestricted net position of \$7,799,349. The increase in net position of \$3,580,135 from 2023 was due to an increase in sales and access fees.

The Liquor Fund has total net position of \$2,587,509 of which \$1,346,387 is unrestricted. Net position increased by \$391,042 from 2023. The net position increase is due to an increase in sales and a decrease in costs of sales and services.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues were \$581,025 over budget due mainly to strong licenses and permit activity, and charges for services related to sanitation. Additionally, interest revenues were \$169,951 over budget, and a one time insurance premium reimbursement of \$179,517 was a result of changing the City's billing cycle. Expenditures were under budget by \$729,999 primarily due to unfilled budgeted positions and a low snow removal year.

This resulted in a net fund balance increase of \$1,311,024 compared to budget for the fiscal year. Refer to pages 106-109 of the required supplementary information for additional information.

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2024, amounts to \$163,574,332 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, office equipment and furniture, vehicles, machinery and equipment, other capital assets, and infrastructure. The total increase in the City's investment in capital assets (net of accumulated depreciation) was \$12,714,198 when compared to 2023. This increase is a result of current year capital asset additions.

Major capital asset events during the current year include the following:

- \$5.1 million increase in governmental activities construction in progress mainly due to the TH25 South reconstruction project.
- \$8.77 million increase in governmental activities buildings and building improvements mainly due to the completion of the downtown fire station project.

**CITY OF BUFFALO'S CAPITAL ASSETS
(Net of Accumulated Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 3,197,688	\$ 3,027,988	\$ 6,813,596	\$ 6,772,563	\$ 10,011,284	\$ 9,800,551
Land Improvements	9,215,040	7,885,694	413,535	446,713	9,628,575	8,332,407
Buildings and Building Improvements	17,997,492	7,186,751	26,759,812	26,379,066	44,757,304	33,565,817
Improvements Other than Building	1,447,446	1,197,570	-	-	1,447,446	1,197,570
Vehicles	2,264,462	2,248,089	-	-	2,264,462	2,248,089
Equipment	4,615,021	1,606,231	1,130,826	1,259,904	5,745,847	2,866,135
Infrastructure	27,723,773	25,202,474	-	-	27,723,773	25,202,474
Utility Distribution Systems	-	-	42,955,191	44,865,878	42,955,191	44,865,878
Construction in Progress	14,730,954	18,079,576	4,136,728	4,426,653	18,867,682	22,506,229
Right-to-Use Asset	28,941	37,412	-	-	28,941	37,412
Subscription Asset	143,827	237,572	-	-	143,827	237,572
Total	<u>\$ 81,364,644</u>	<u>\$ 66,709,357</u>	<u>\$ 82,209,688</u>	<u>\$ 84,150,777</u>	<u>\$ 163,574,332</u>	<u>\$ 150,860,134</u>

Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$76,322,132. Of this amount, \$18,350,000 comprises tax supported debt, \$7,427,132 is tax abatement debt, and \$50,545,000 is revenue supported debt. All outstanding debt carries the general obligation backing for which the City is liable in the event of default by the property owners subject to the specific taxes, special assessments, or revenues pledged to the retirement of the debt.

**CITY OF BUFFALO'S OUTSTANDING DEBT
(General Obligation)**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
G.O. Tax Supported Debt	\$ 17,830,200	\$ 18,160,200	\$ 519,800	\$ 789,800	\$ 18,350,000	\$ 18,950,000
G.O. Tax Abatement Debt	7,427,132	6,160,000	-	-	7,427,132	6,160,000
G.O. Revenue Debt	-	15,928	50,545,000	49,299,070	50,545,000	49,314,998
Total	<u>\$ 25,257,332</u>	<u>\$ 24,336,128</u>	<u>\$ 51,064,800</u>	<u>\$ 50,088,870</u>	<u>\$ 76,322,132</u>	<u>\$ 74,424,998</u>

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt (Continued)

The City's total bonded debt increased by \$1,897,134 or (2.5%) during the current fiscal year. There were three new bonds issued in the current fiscal year, a \$3,460,000 Electric Revenue Bond, a \$2,205,000 General Obligation Street Reconstruction and Equipment Bond, and a \$1,687,132 Temporary General Obligation Taxable Tax Abatement Bond.

The City has an "AA/Stable" rating from Standard & Poor's for general obligation debt. Refer to Notes 3 and 5 for detailed information on capital assets and long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- * The unemployment rate for Wright County is currently 2.90% based on Minnesota Department of Employment and Economic Development.
- * The local economy has continued to grow as indicated by the building permits, with a construction value of \$44,356,418 being issued in 2024. New construction accounts for \$23,955,188 and additions/remodels make up the remaining \$20,401,230 balance.
- * In 2024, the City issued a total of 907 building permits compared to 1,087 in 2023. Of the building permits issued, 70 were for new housing compared to 69 in 2023. The average value of a new home within the City is about \$296,588 compared to \$302,220 in 2023.
- * The City's Local Government Aid (LGA) increased from \$1,113,720 in 2023 to \$1,427,128 in 2024 and is expected to increase an additional \$29,860 in 2025 to \$1,456,988. This increase in LGA has surpassed the high of \$1,415,301 the City received in 2001. The amount for 2026 has not yet been finalized.
- * The City continued to make improvements to infrastructure in 2024:
 - o Mill and overlay street maintenance projects were started in 2024 in the City as part of the City's annual pavement management program, these were completed in 2024.
 - o Work continued on the City's TH 25 South street reconstruction, utility, and pedestrian improvements project along Buffalo Lake, partially funded by congressional grants and State cost-share reimbursements. This is expected to be completed in 2025.
 - o The City continued work on several utility projects for City-wide Electric, Fiber and Sewer infrastructure, which includes the lining of Sanitary Sewer piping, the buildout of the City's Fiber network and an additional Electric substation, and wireless Electric and Water AMI meters. Expected completion of these project will span from 2025 through 2027.
 - o Work was completed on a pretreatment project at the City's Water reclamation treatment plant to improve biosolids processing that began in 2018.
 - o At the end of fiscal year 2024, the City entered into an agreement to purchase a property with existing building to house an updated Community Center. The upgrades to this facility will occur throughout 2025 with expected grand opening in the spring of 2026.

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Buffalo's finances for all of 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 Finance Department, City of Buffalo, 212 Central Ave., Buffalo, Minnesota 55313. Request for information can also be emailed to finance@ci.buffalo.mn.us.

BASIC FINANCIAL STATEMENTS

**CITY OF BUFFALO, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

	2024		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 14,786,459	\$ 15,402,847	\$ 30,189,306
Cash with Fiscal Agent	-	1,069,650	1,069,650
Taxes Receivable	190,540	9,178	199,718
Special Assessments Receivable	906,983	-	906,983
Accounts Receivable	598,141	4,377,619	4,975,760
Due from Other Governments	395,126	84,306	479,432
Accrued Interest Receivable	101,766	15,832	117,598
Internal Balances	(948,031)	948,031	-
Lease Receivable	2,686,992	55,763	2,742,755
Inventory	14,180	1,129,285	1,143,465
Prepaid Items	561,103	1,840,998	2,402,101
Hook-Up Fees Receivable - Noncurrent	-	15,828	15,828
Loans Receivable	400,475	-	400,475
Land Held for Resale	214,400	-	214,400
Net Pension Asset	589,858	-	589,858
Capital Assets:			
Land and Construction in Progress	17,928,642	10,950,324	28,878,966
Other Capital Assets, Net of Depreciation/Amortization	63,436,002	71,259,364	134,695,366
Total Capital Assets	<u>81,364,644</u>	<u>82,209,688</u>	<u>163,574,332</u>
Total Assets	<u>101,862,636</u>	<u>107,159,025</u>	<u>209,021,661</u>
DEFERRED OUTFLOWS OF RESOURCES			
Refunding Loss on Bonds	24,616	32,610	57,226
Pension Related	3,352,747	342,009	3,694,756
Other Postemployment Benefits Related	565,316	265,150	830,466
Total Deferred Outflows of Resources	<u>3,942,679</u>	<u>639,769</u>	<u>4,582,448</u>
LIABILITIES			
Accounts and Contracts Payable	1,219,379	1,301,498	2,520,877
Other Accrued Liabilities	216,778	271,011	487,789
Accrued Interest Payable	354,688	473,708	828,396
Due to Other Governmental Units	11,666	13,232	24,898
Escrow Deposits	493,609	-	493,609
Unearned Revenue	7,623	35,966	43,589
Noncurrent Liabilities Due Within One Year:			
Other Postemployment Benefits Liability	61,614	28,900	90,514
Lease Liability	8,369	-	8,369
Subscription Liability	56,126	-	56,126
Compensated Absences	379,336	233,607	612,943
Long-Term Debt	3,151,071	6,606,600	9,757,671
Noncurrent Liabilities Due in More Than One Year:			
Net Pension Liability	3,049,428	1,541,633	4,591,061
Other Postemployment Benefits Liability	973,520	572,200	1,545,720
Lease Liability	21,040	-	21,040
Subscription Liability	40,783	-	40,783
Compensated Absences	206,815	147,790	354,605
Long-Term Debt	25,444,892	45,503,152	70,948,044
Total Liabilities	<u>35,696,737</u>	<u>56,729,297</u>	<u>92,426,034</u>
DEFERRED INFLOWS OF RESOURCES			
Lease Related	2,567,876	53,984	2,621,860
Refunding Gain on Bonds	1,866	93	1,959
Pension Related	4,131,090	1,038,197	5,169,287
Other Postemployment Benefits Related	88,595	41,554	130,149
Total Deferred Inflows of Resources	<u>6,789,427</u>	<u>1,133,828</u>	<u>7,923,255</u>
NET POSITION			
Net Investment in Capital Assets	53,997,840	28,191,417	82,189,257
Restricted for:			
Debt Service	4,701,767	-	4,701,767
Public Safety	571,855	-	571,855
Capital Projects	1,647,632	-	1,647,632
Housing and Economic Development	10,719	-	10,719
Fire Relief Pension	589,858	-	589,858
Unrestricted	1,799,480	21,744,252	23,543,732
Total Net Position	<u>\$ 63,319,151</u>	<u>\$ 49,935,669</u>	<u>\$ 113,254,820</u>

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	2024			
	Expenses	Program Revenues		
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 2,150,391	\$ 1,495,513	\$ -	\$ -
Public Safety	6,720,981	2,122,739	442,119	-
Public Works	6,190,419	52,161	242,020	6,823,291
Sanitation	1,184,263	1,409,576	-	-
Culture and Recreation	4,665,759	1,286,383	192,990	-
Community Development	509,879	187,636	84,884	-
Interest on Long-Term Debt	741,711	-	-	-
Total Governmental Activities	<u>22,163,403</u>	<u>6,554,008</u>	<u>962,013</u>	<u>6,823,291</u>
Business-Type Activities:				
Electric	15,643,472	17,954,579	25,944	-
Water	3,376,053	4,339,421	160,160	731,653
Sewer	4,718,528	6,140,444	611,145	615,335
Liquor	6,619,291	7,158,144	12,780	-
Total Business-Type Activities	<u>30,357,344</u>	<u>35,592,588</u>	<u>810,029</u>	<u>1,346,988</u>
Total	<u>\$ 52,520,747</u>	<u>\$ 42,146,596</u>	<u>\$ 1,772,042</u>	<u>\$ 8,170,279</u>

General Revenues

Taxes:
 Property Taxes, Levied for General Purpose
 Tax Increments
 Other Taxes
Grants and Contributions not Restricted to Specific Programs
Unrestricted Investment Earnings
Gain on Sale of Capital Assets
Miscellaneous
Transfers
 Total General Revenues and Transfers

CHANGE IN NET POSITION

Net Position - Beginning of Year

NET POSITION - END OF YEAR

**CITY OF BUFFALO, MINNESOTA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

2024		
Net Revenue (Expense) and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (654,878)	\$ -	\$ (654,878)
(4,156,123)	-	(4,156,123)
927,053	-	927,053
225,313	-	225,313
(3,186,386)	-	(3,186,386)
(237,359)	-	(237,359)
(741,711)	-	(741,711)
(7,824,091)	-	(7,824,091)
-	2,337,051	2,337,051
-	1,855,181	1,855,181
-	2,648,396	2,648,396
-	551,633	551,633
-	7,392,261	7,392,261
(7,824,091)	7,392,261	(431,830)
11,253,906	499,629	11,753,535
140,187	-	140,187
2,949	-	2,949
1,786,608	-	1,786,608
618,448	319,634	938,082
7,888	8,627	16,515
100,127	249,813	349,940
2,969,119	(2,969,119)	-
16,879,232	(1,891,416)	14,987,816
9,055,141	5,500,845	14,555,986
54,264,010	44,434,824	98,698,834
\$ 63,319,151	\$ 49,935,669	\$ 113,254,820

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2024**

	2024			
	General Fund	Debt Service Fund	Capital Project Fund	HRA Debt Service Fund
ASSETS				
Cash and Investments	\$ 6,053,438	\$ 3,499,036	\$ 3,969,405	\$ 17,203
Taxes Receivable:				
Current	55,160	18,602	5,825	-
Delinquent	76,248	25,872	-	-
Special Assessments Receivable:				
Delinquent	137,617	-	-	-
Noncurrent	27,381	491,911	250,074	-
Accounts Receivable	359,219	-	38,168	-
Due from Other Governments	7,563	-	245,812	-
Accrued Interest Receivable	84,550	-	11,648	-
Due from Other Funds	72,025	-	-	-
Advances to Other Funds	2,168,310	1,020,000	-	-
Lease Receivable	2,069,292	-	-	-
Inventory	-	-	-	-
Prepaid Items	33,796	-	43,302	-
Loans Receivable, Net of Allowance	-	-	-	-
Land Held for Resale	-	-	-	-
Total Assets	\$ 11,144,599	\$ 5,055,421	\$ 4,564,234	\$ 17,203
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts and Contracts Payable	\$ 484,707	\$ 475	\$ 601,399	\$ -
Other Accrued Liabilities	139,234	-	-	-
Due to Other Governments	9,560	-	-	-
Due to Other Funds	-	-	-	-
Advances from Other Funds	-	-	-	1,084,997
Unearned Revenue	-	-	-	-
Escrow Deposits	483,538	-	-	-
Total Liabilities	1,117,039	475	601,399	1,084,997
DEFERRED INFLOWS OF RESOURCES				
Unavailable Taxes	76,248	25,872	-	-
Unavailable Special Assessments	132,812	491,911	250,074	-
Unavailable Grants and Other	40,351	-	133,989	-
Lease Related	1,931,189	-	-	-
Unavailable Loans and Interest Receivables	-	-	-	-
Total Deferred Inflows of Resources	2,180,600	517,783	384,063	-
FUND BALANCES (DEFICITS)				
Nonspendable	2,202,106	-	43,302	-
Restricted	-	4,537,163	4,016,522	-
Committed	-	-	-	-
Assigned	-	-	194,633	-
Unassigned	5,644,854	-	(675,685)	(1,067,794)
Total Fund Balances (Deficits)	7,846,960	4,537,163	3,578,772	(1,067,794)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,144,599	\$ 5,055,421	\$ 4,564,234	\$ 17,203

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
GOVERNMENTAL FUNDS
BALANCE SHEET (CONTINUED)
DECEMBER 31, 2024**

2024	
Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,247,377	\$ 14,786,459
4,595	84,182
4,238	106,358
-	137,617
-	769,366
200,754	598,141
141,751	395,126
5,568	101,766
-	72,025
-	3,188,310
617,700	2,686,992
14,180	14,180
397,856	474,954
400,475	400,475
214,400	214,400
\$ 3,248,894	\$ 24,030,351
\$ 111,139	\$ 1,197,720
68,384	207,618
2,106	11,666
904,714	904,714
2,168,310	3,253,307
7,623	7,623
10,071	493,609
3,272,347	6,076,257
4,238	106,358
-	874,797
104,982	279,322
636,687	2,567,876
400,475	400,475
1,146,382	4,228,828
412,036	2,657,444
180,487	8,734,172
1,200,686	1,200,686
-	194,633
(2,963,044)	938,331
(1,169,835)	13,725,266
\$ 3,248,894	\$ 24,030,351

See accompanying Notes to Financial Statements.

(THIS PAGE INTENTIONALLY LEFT BLANK)

**CITY OF BUFFALO, MINNESOTA
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION — GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2024**

	2024
Total Fund Balance for Governmental Funds	\$ 13,725,266
Total net position reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Land	3,197,688
Construction in Progress	14,730,954
Land Improvements	20,748,987
Buildings and Improvements	28,819,938
Improvements Other than Buildings	4,334,170
Vehicles	6,294,166
Equipment	11,584,234
Infrastructure	100,497,349
Right-to-Use Assets	42,353
Less: Accumulated Depreciation/Amortization	(109,106,622)
The City's net pension asset and liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:	
Net Pension Asset	589,858
Net Pension Liability	(2,931,655)
Deferred Inflows of Resources - Pension Related	(4,051,777)
Deferred Outflows of Resources - Pension Related	3,326,619
The City's other postemployment benefit liability and related deferred outflows are recorded only on the statement of net position. Balances at year-end are:	
Other Postemployment Benefits Liability	(1,011,540)
Deferred Inflows of Resources - OPEB Related	(85,125)
Deferred Outflows of Resources - OPEB Related	543,172
Some of the City's property taxes, special assessments, and other receivables will be collected after year-end, but are not available soon enough to pay for the current-period's expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.	1,660,952
The loss on refunding is reported as a deferred outflow on the statement of net position and amortized over the life of the bonds.	24,616
The gain on refunding is reported as a deferred inflow on the statement of net position and amortized over the life of the bonds.	(1,866)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is included in the statement of net position.	(353,179)
Internal service funds are used by the City to charge the costs of certain activities to individual funds. The portion of assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service fund that are used by the governmental funds are included in the governmental activities in the statement of net position.	(58,749)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balances at year-end are:	
Bonds Payable	(25,257,332)
Unamortized Bond Premiums	(1,090,425)
Lease Liability	(29,409)
Note Payable	(1,619,767)
Finance Purchase Obligations	(628,439)
Compensated Absences Payable	(575,286)
Total Net Position of Governmental Activities	\$ 63,319,151

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2024**

	2024			
	General Fund	Debt Service Fund	Capital Project Fund	HRA Debt Service Fund
REVENUES				
General Property Taxes	\$ 7,339,919	\$ 2,465,057	\$ 801,507	\$ -
Tax Increments	-	-	-	-
Other Taxes	2,949	-	-	-
Licenses and Permits	600,020	-	-	-
Intergovernmental	1,974,337	-	4,882,554	-
Special Assessments	7,210	56,987	27,221	-
Charges for Services	2,248,019	-	87,654	-
Fines and Forfeits	41,427	-	-	-
Investment Earnings	209,952	46,157	331,583	-
Refunds and Reimbursements	301,466	-	3,583	-
Contributions and Donations	50,095	-	382,868	-
Miscellaneous	24,575	-	-	-
Total Revenues	<u>12,799,969</u>	<u>2,568,201</u>	<u>6,516,970</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government	1,723,722	-	-	-
Public Safety	4,379,844	-	-	-
Public Works	1,731,812	-	-	-
Sanitation	1,186,032	-	-	-
Culture and Recreation	2,164,072	-	-	-
Community Development	-	-	-	-
Capital Outlay:				
General Government	127,751	-	-	-
Public Safety	102,550	-	274,670	-
Public Works	14,516	-	9,908,079	-
Culture and Recreation	618,201	-	2,794,078	-
Community Development	-	-	-	-
Debt Service:				
Finance Purchase Obligations and Lease Liability:				
Principal	373,621	-	-	-
Interest and Fiscal Charges	26,824	-	-	-
Bonds:				
Principal	-	2,970,928	-	-
Interest and Fiscal Charges	-	763,669	73,321	-
Total Expenditures	<u>12,448,945</u>	<u>3,734,597</u>	<u>13,050,148</u>	<u>-</u>
REVENUE OVER (UNDER) EXPENDITURES	351,024	(1,166,396)	(6,533,178)	-
OTHER FINANCING SOURCES (USES)				
Transfer In	1,150,000	92,038	279,892	161,587
Transfer Out	(326,504)	-	-	(28,575)
Issuance of Bonds	-	-	3,892,132	-
Proceeds from Sale of Capital Assets	7,888	-	-	-
Issuance of Loans	-	-	-	-
Bond Premium	-	-	277,773	-
Total Other Financing Sources (Uses)	<u>831,384</u>	<u>92,038</u>	<u>4,449,797</u>	<u>133,012</u>
NET CHANGE IN FUND BALANCES	1,182,408	(1,074,358)	(2,083,381)	133,012
Fund Balances (Deficit) - Beginning of Year	6,664,552	5,611,521	5,662,153	(1,200,806)
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 7,846,960	\$ 4,537,163	\$ 3,578,772	\$ (1,067,794)

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

2024	
Nonmajor Governmental Funds	Total Governmental Funds
\$ 607,992	\$ 11,214,475
211,190	211,190
-	2,949
-	600,020
542,463	7,399,354
-	91,418
2,394,725	4,730,398
-	41,427
30,299	617,991
32,405	337,454
58,603	491,566
20,903	45,478
<u>3,898,580</u>	<u>25,783,720</u>
-	1,723,722
948,218	5,328,062
849,318	2,581,130
-	1,186,032
1,567,325	3,731,397
514,749	514,749
-	127,751
173,487	550,707
-	9,922,595
232,369	3,644,648
1,941,311	1,941,311
118,777	492,398
54,975	81,799
-	2,970,928
-	836,990
<u>6,400,529</u>	<u>35,634,219</u>
(2,501,949)	(9,850,499)
150,000	1,833,517
(133,575)	(488,654)
-	3,892,132
-	7,888
1,660,000	1,660,000
-	277,773
<u>1,676,425</u>	<u>7,182,656</u>
(825,524)	(2,667,843)
(344,311)	16,393,109
<u>\$ (1,169,835)</u>	<u>\$ 13,725,266</u>

See accompanying Notes to Financial Statements.

CITY OF BUFFALO, MINNESOTA
RECONCILIATION OF GOVERNMENTAL STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	2024
Net Change in Fund Balances -Total Governmental Funds	\$ (2,667,843)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period.</p>	
Capital Outlays	15,752,940
Assets Contributed by Developer	1,959,327
Capital Assets Contributed from Business-Type Funds	1,757,588
Depreciation/Amortization Expense	(4,708,563)
<p>Some capital asset additions are financed through finance purchase obligations. In governmental funds, a finance purchase obligation arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of finance purchase obligation principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.</p>	
Principal Payments for Finance Purchase Obligations	443,987
<p>The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect on these differences in the treatment of general obligation bonds and related items is as follows:</p>	
General Obligation Bond Proceeds	(3,892,132)
Loan Payable Proceeds	(1,660,000)
Bond Discount/Premium	(277,773)
Repayment of Bond Principal, Lease Liability, and Loan Payable	3,019,339
Change in Accrued Interest Expense for General Obligation Bonds	(52,926)
Amortization of Refunding Loss on Bonds	(9,516)
Amortization of Refunding Gain on Bonds	1,973
Amortization of Bond Premium	194,319
<p>Change in delinquent and noncurrent property taxes, special assessments receivable, and other receivables will be collected subsequent to year-end, but are not available soon enough to pay for the current-period's expenditures and, therefore, are deferred in the governmental funds.</p>	
	(645,051)
<p>Pension expenditures on the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflow and outflow of resources.</p>	
	30,969
<p>OPEB expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds.</p>	
	(77,366)
<p>In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).</p>	
	(5,837)
<p>Internal service funds are used by the City to charge costs of certain activities to individual funds. The portion of net revenues of the internal service fund that are received for governmental funds is reported within governmental activities.</p>	
	(108,294)
Change in Net Position of Governmental Activities	\$ 9,055,141

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 DECEMBER 31, 2024**

ASSETS	2024	
	Electric Fund	Water Fund
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,742,143	\$ 1,968,303
Cash and Investments with Fiscal Agent	1,069,650	-
Accounts Receivable, Net of Allowance	2,654,576	652,709
Accrued Interest Receivable	15,819	-
Taxes Receivable:		
Delinquent	-	-
Due from Other Governments	24,467	-
Due from Other Funds	904,714	-
Lease Receivable	12,941	-
Inventory	-	8,335
Supplies	1,770,118	-
Prepaid Items	56,096	1,946
Total Current Assets	11,250,524	2,631,293
LONG-TERM ASSETS		
Sewer and Water Hook-up Fees Receivable - Long Term	-	7,914
Advance to Other Funds	64,997	-
Capital Assets:		
Land, Buildings, Infrastructure, and Improvements	36,448,242	40,919,981
Equipment	2,928,008	938,131
Construction in Progress	1,444,302	980,289
Subscription Assets	-	-
Total Capital Assets	40,820,552	42,838,401
Less: Allowance for Depreciation/Amortization	(22,662,192)	(20,378,746)
Total Net Capital Assets	18,158,360	22,459,655
Total Long-Term Assets	18,223,357	22,467,569
Total Assets	29,473,881	25,098,862
DEFERRED OUTFLOWS OF RESOURCES		
Refunding Loss on Bonds	-	13,370
Pension Related	124,234	72,105
Other Postemployment Benefits Related	113,175	50,361
Total Deferred Outflows of Resources	237,409	135,836

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION (CONTINUED)
 DECEMBER 31, 2024**

2024			2024
Sewer Fund	Liquor Fund	Total	Internal Service Fund
\$ 7,658,259	\$ 1,034,142	\$ 15,402,847	\$ -
-	-	1,069,650	-
1,070,334	-	4,377,619	-
-	13	15,832	-
9,178	-	9,178	-
59,839	-	84,306	-
-	-	904,714	-
-	42,822	55,763	-
-	1,129,285	1,137,620	-
-	-	1,770,118	-
2,398	2,105	62,545	86,149
<u>8,800,008</u>	<u>2,208,367</u>	<u>24,890,192</u>	<u>86,149</u>
7,914	-	15,828	-
-	-	64,997	-
68,701,365	2,075,663	148,145,251	30,917
1,146,888	469,201	5,482,228	640,855
1,712,137	-	4,136,728	-
-	-	-	311,150
<u>71,560,390</u>	<u>2,544,864</u>	<u>157,764,207</u>	<u>982,922</u>
<u>(31,209,839)</u>	<u>(1,303,742)</u>	<u>(75,554,519)</u>	<u>(761,495)</u>
<u>40,350,551</u>	<u>1,241,122</u>	<u>82,209,688</u>	<u>221,427</u>
<u>40,358,465</u>	<u>1,241,122</u>	<u>82,290,513</u>	<u>221,427</u>
49,158,473	3,449,489	107,180,705	307,576
19,240	-	32,610	-
84,472	61,198	342,009	26,128
52,506	49,108	265,150	22,144
<u>156,218</u>	<u>110,306</u>	<u>639,769</u>	<u>48,272</u>

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION (CONTINUED)
 DECEMBER 31, 2024**

LIABILITIES	2024	
	Electric Fund	Water Fund
CURRENT LIABILITIES		
Accounts and Contracts Payable	\$ 934,073	\$ 109,372
Accrued Expenses	113,498	24,816
Due to Other Governments	7,977	430
Due to Other Funds	-	-
Accrued Interest	117,989	148,531
Unearned Revenue	11,499	-
Compensated Absences - Current Portion	90,039	49,591
Subscriptions Payable - Current Portion	-	-
Bonds Payable - Current Portion	1,155,000	2,147,050
Other Postemployment Benefits Liability - Current Portion	12,335	5,489
Total Current Liabilities	2,442,410	2,485,279
LONG-TERM LIABILITIES		
Compensated Absences - Long Term	51,620	51,429
Subscriptions Payable - Long Term	-	-
Bonds Payable - Long Term	5,476,929	15,062,629
Net Pension Liability	559,996	325,021
Other Postemployment Benefits Liability	267,145	95,582
Total Long-Term Liabilities	6,355,690	15,534,661
Total Liabilities	8,798,100	18,019,940
DEFERRED INFLOWS OF RESOURCES		
Refunding Gain on Bonds	-	93
Lease Related	12,909	-
Deferred Inflow - Other	24,467	-
Pension Related	377,124	218,882
Other Postemployment Benefits Related	17,737	7,892
Total Deferred Inflows of Resources	432,237	226,867
NET POSITION		
Net Investment in Capital Assets	9,585,395	5,263,253
Unrestricted	10,895,558	1,724,638
Total Net Position	\$ 20,480,953	\$ 6,987,891
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 29,711,290	\$ 25,234,698
Adjustment to Reflect the Consolidation of Internal Service Fund		
Activities Related to the Enterprise Funds		
Total Net Position of Business-Type Activities		

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION (CONTINUED)
 DECEMBER 31, 2024**

2024			2024
Sewer Fund	Liquor Fund	Total	Internal Service Fund
\$ 70,818	\$ 187,235	\$ 1,301,498	\$ 21,659
29,464	103,233	271,011	9,160
1,125	3,700	13,232	-
-	-	-	72,025
207,188	-	473,708	1,509
-	-	11,499	-
58,443	35,534	233,607	7,606
-	-	-	56,126
3,304,550	-	6,606,600	-
5,723	5,353	28,900	2,413
<u>3,677,311</u>	<u>335,055</u>	<u>8,940,055</u>	<u>170,498</u>
19,615	25,126	147,790	3,259
-	-	-	40,783
24,963,594	-	45,503,152	-
380,763	275,853	1,541,633	117,773
107,763	101,710	572,200	21,181
<u>25,471,735</u>	<u>402,689</u>	<u>47,764,775</u>	<u>182,996</u>
29,149,046	737,744	56,704,830	353,494
-	-	93	-
-	41,075	53,984	-
-	-	24,467	-
256,421	185,770	1,038,197	79,313
8,228	7,697	41,554	3,470
<u>264,649</u>	<u>234,542</u>	<u>1,158,295</u>	<u>82,783</u>
12,101,647	1,241,122	28,191,417	124,518
<u>7,799,349</u>	<u>1,346,387</u>	<u>21,765,932</u>	<u>(204,947)</u>
<u>\$ 19,900,996</u>	<u>\$ 2,587,509</u>	49,957,349	<u>\$ (80,429)</u>
<u>\$ 49,314,691</u>	<u>\$ 3,559,795</u>	107,820,474	<u>\$ 355,848</u>
		(21,680)	
		<u>\$ 49,935,669</u>	

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 YEAR ENDED DECEMBER 31, 2024**

	2024	
	Electric Fund	Water Fund
GROSS PROFIT AND OPERATING REVENUES		
Sales	\$ -	\$ -
Costs of Goods Sold	-	-
Charges for Services	17,954,579	4,339,421
Total Gross Profit and Operating Revenues	17,954,579	4,339,421
OPERATING EXPENSES		
Cost of Sales and Services	12,644,050	922,431
Compensation and Employee Benefits	1,625,771	1,027,054
Depreciation	1,183,720	918,091
Total Operating Expenses	15,453,541	2,867,576
OPERATING INCOME (LOSS)	2,501,038	1,471,845
OTHER INCOME (EXPENSE)		
Interest Income	138,859	24,852
Interest Expense	(167,471)	(491,184)
Taxes and Special Assessments	-	-
Intergovernmental Revenues	25,944	15,058
Access Fees	35,750	151,807
Refunds and Reimbursements	90,296	-
Miscellaneous Revenue	5,747	3,189
Bond Issuance Costs	-	(3,000)
Lease Revenue	4,253	-
Gain (Loss) on Sale of Capital Assets	5,755	979
Total Other Income (Expense)	139,133	(298,299)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	2,640,171	1,173,546
CONTRIBUTIONS AND TRANSFERS		
Transfers Out	(1,000,000)	-
Capital Contributions	(1,946,892)	731,653
Total Contributions and Transfers	(2,946,892)	731,653
CHANGE IN NET POSITION	(306,721)	1,905,199
Net Position - Beginning of Year	20,787,674	5,082,692
NET POSITION - END OF YEAR	\$ 20,480,953	\$ 6,987,891
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to the Enterprise Funds Change in Net Position of Business-Type Activities		

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
 YEAR ENDED DECEMBER 31, 2024**

2024			2024
Sewer Fund	Liquor Fund	Total	Internal Service Fund
\$ -	\$ 7,158,144	\$ 7,158,144	\$ -
-	(5,166,845)	(5,166,845)	-
6,140,444	-	28,434,444	1,115,000
<u>6,140,444</u>	<u>1,991,299</u>	<u>30,425,743</u>	<u>1,115,000</u>
1,171,224	481,968	15,219,673	741,371
1,255,534	908,308	4,816,667	397,271
1,440,454	48,490	3,590,755	156,566
<u>3,867,212</u>	<u>1,438,766</u>	<u>23,627,095</u>	<u>1,295,208</u>
2,273,232	552,533	6,798,648	(180,208)
138,308	17,615	319,634	894
(832,939)	-	(1,491,594)	(3,941)
499,629	-	499,629	-
142,616	12,780	196,398	5,457
600,899	-	788,456	-
-	-	90,296	694
38,364	13,305	60,605	-
-	-	(3,000)	-
-	44,809	49,062	-
1,893	-	8,627	-
<u>588,770</u>	<u>88,509</u>	<u>518,113</u>	<u>3,104</u>
2,862,002	641,042	7,316,761	(177,104)
(94,863)	(250,000)	(1,344,863)	-
812,996	-	(402,243)	-
<u>718,133</u>	<u>(250,000)</u>	<u>(1,747,106)</u>	<u>-</u>
3,580,135	391,042	5,569,655	(177,104)
<u>16,320,861</u>	<u>2,196,467</u>	<u>44,387,694</u>	<u>96,675</u>
<u>\$ 19,900,996</u>	<u>\$ 2,587,509</u>	49,957,349	<u>\$ (80,429)</u>
		(68,810)	
		<u>\$ 5,500,845</u>	

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2024**

	2024	
	Electric Fund	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Service Users	\$ 18,494,419	\$ 4,376,361
Cash Paid to Suppliers	(12,576,681)	(867,368)
Cash Paid to Employees	(1,820,734)	(1,051,849)
Net Cash Provided by Operating Activities	4,097,004	2,457,144
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund Borrowing/Transfers	(1,000,000)	-
Due to/from Other Funds	(904,714)	-
Property Tax Receipts	-	-
Intergovernmental Receipts	25,944	15,058
Net Cash Provided (Used) by Noncapital Financing Activities	(1,878,770)	15,058
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Net Proceeds from Bonds Issued for Capital	3,460,000	-
Issuance of Bond Premium	291,485	-
Payments on Bond Issuance Costs	-	(3,000)
Access Fees	23,784	152,595
Lease Revenue	4,285	-
Acquisition and Construction of Capital Assets	(1,511,921)	(258,991)
Proceeds from Sale of Capital Assets	5,755	979
Interest Paid on Bonds	(99,494)	(545,938)
Interest Paid on Subscription Liability	-	-
Principal Payments on Subscription Liability	-	-
Principal Payments on Bonds	(935,000)	(632,999)
Net Cash Provided (Used) by Capital and Related Financing Activities	1,238,894	(1,287,354)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	129,288	28,866
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,586,416	1,213,714
Cash and Cash Equivalents - Beginning of Year	2,225,377	754,589
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,811,793	\$ 1,968,303
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION		
Cash and Cash Equivalents	\$ 4,742,143	\$ 1,968,303
Cash and Investments with Fiscal Agent	1,069,650	-
Total Cash and Cash Equivalents	\$ 5,811,793	\$ 1,968,303
NONCASH TRANSACTIONS		
Contribution of Capital Assets - Governmental Funds	\$ (1,946,892)	\$ -
Contribution of Capital Assets - Developer	-	731,653
Amortization of Premiums and Refundings	(3,033)	(62,979)
Purchase of Capital Assets through Contracts and Retainage Payable	58,639	-
Total Noncash Investing, Capital, and Financing Activities	\$ (1,891,286)	\$ 668,674

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2024**

2024			2024
Sewer Fund	Liquor Fund	Total	Internal Service Fund
\$ 6,147,835	\$ 7,171,536	\$ 36,190,151	\$ 1,115,694
(1,399,855)	(5,602,182)	(20,446,086)	(738,672)
(1,284,903)	(943,802)	(5,101,288)	(388,897)
<u>3,463,077</u>	<u>625,552</u>	<u>10,642,777</u>	<u>(11,875)</u>
(94,863)	(250,000)	(1,344,863)	-
-	-	(904,714)	72,025
443,368	-	443,368	-
142,616	12,780	196,398	5,457
<u>491,121</u>	<u>(237,220)</u>	<u>(1,609,811)</u>	<u>77,482</u>
-	-	3,460,000	-
-	-	291,485	-
-	-	(3,000)	-
601,687	-	778,066	-
-	46,581	50,866	-
(256,960)	-	(2,027,872)	(50,561)
1,893	-	8,627	-
(931,305)	-	(1,576,737)	(2,600)
-	-	-	(2,485)
-	-	-	(93,762)
(916,071)	-	(2,484,070)	-
<u>(1,500,756)</u>	<u>46,581</u>	<u>(1,502,635)</u>	<u>(149,408)</u>
<u>156,839</u>	<u>18,807</u>	<u>333,800</u>	<u>1,177</u>
2,610,281	453,720	7,864,131	(82,624)
5,047,978	580,422	8,608,366	82,624
<u>\$ 7,658,259</u>	<u>\$ 1,034,142</u>	<u>\$ 16,472,497</u>	<u>\$ -</u>
\$ 7,658,259	\$ 1,034,142	\$ 15,402,847	\$ -
-	-	1,069,650	-
<u>\$ 7,658,259</u>	<u>\$ 1,034,142</u>	<u>\$ 16,472,497</u>	<u>\$ -</u>
\$ 322,636	\$ -	\$ (1,624,256)	\$ -
490,360	-	1,222,013	-
(105,991)	-	(172,003)	-
-	-	-	-
<u>\$ 707,005</u>	<u>\$ -</u>	<u>\$ (574,246)</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2024**

	2024	
	Electric Fund	Water Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income	\$ 2,501,038	\$ 1,471,845
Adjustments to Reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	1,183,720	918,091
Miscellaneous - Nonoperating	96,043	3,188
Changes in Assets, Deferred Outflows of Resources, Liabilities,		
Deferred Inflows of Resources:		
(Increase) Decrease in Accounts Receivable	409,501	37,007
(Increase) Decrease in Prepaid Items	(53,322)	(1,285)
(Increase) Decrease in Supplies	206,424	-
(Increase) Decrease in Inventory	-	-
(Increase) Decrease in Deferred Outflows of Resources - Pension	163,001	69,166
(Increase) Decrease in Deferred Outflows of Resources - Other		
Postemployment Benefits	28,855	6,068
Increase (Decrease) in Accounts and Contracts Payable	(88,023)	55,918
Increase (Decrease) in Accrued Expenses	11,602	7,615
Increase (Decrease) in Due to Other Governments	2,290	430
Increase (Decrease) in Unearned Revenue	9,829	-
Increase (Decrease) in Escrow Deposits	-	(3,255)
Increase (Decrease) in Net Pension Liability	(448,878)	(171,173)
Increase (Decrease) in OPEB Liability	14,691	6,537
Increase (Decrease) in Deferred Inflows of Resources - Pension	55,215	60,557
Increase (Decrease) in Deferred Inflows of Resources - Other		
Postemployment Benefits	(7,417)	(2,101)
Increase (Decrease) in Deferred Inflows of Resources - Other	24,467	-
Increase (Decrease) in Accrued Compensated Absences	(12,032)	(1,464)
Net Cash Provided by Operating Activities	<u>\$ 4,097,004</u>	<u>\$ 2,457,144</u>

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2024**

2024			2024	
Sewer Fund	Liquor Fund	Total	Internal Service Fund	
\$ 2,273,232	\$ 552,533	\$ 6,798,648	\$ (180,208)	
1,440,454	48,490	3,590,755	156,566	
38,364	13,305	150,900	694	
(32,098)	87	414,497	-	
(2,343)	(1,349)	(58,299)	(11,328)	
-	-	206,424	-	
-	58,177	58,177	-	
79,099	60,980	372,246	20,329	
5,803	6,579	47,305	(2,746)	
(226,288)	(10,240)	(268,633)	14,027	
10,645	9,089	38,951	3,945	
1,125	43	3,888	-	
-	-	9,829	-	
-	-	(3,255)	-	
(193,758)	(153,280)	(967,089)	(45,400)	
6,815	6,375	34,418	2,874	
73,104	48,843	237,719	27,248	
(2,098)	(2,166)	(13,782)	35	
-	-	24,467	-	
(8,979)	(11,914)	(34,389)	2,089	
<u>\$ 3,463,077</u>	<u>\$ 625,552</u>	<u>\$ 10,642,777</u>	<u>\$ (11,875)</u>	

See accompanying Notes to Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Buffalo (the City), located in Wright County in Minnesota, conforms to U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies.

A. Financial Reporting Entity

As required by GAAP, the financial statements of the reporting entity include those of the City and its component unit. A component unit is a legally separate entity for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component include whether or not the primary government appoints the voting majority of the potential component unit's board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally dependent upon by the potential component unit.

The Housing and Redevelopment Authority (HRA) of Buffalo is an entity legally separate from the City. However, for financial reporting purposes, the HRA is a blended component unit and is reported as a Special Revenue Fund of the City. The determination as a blended component unit is supported by the fact the HRA's financial obligations, including outstanding debt issues, are expected to be satisfied almost entirely with the resources of the City. Additionally, the City Council determines the resources, including the property tax levy, that are to be made available to the HRA each year. The governing board is appointed by the City Council and it provides services almost entirely to the City. The HRA does not issue separate financial statements.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall City government. 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 to external parties for support. Interfund services provided and used are not eliminated in the process of consolidation.

In the government-wide statement of net position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

1. Government-Wide Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of each function of the City's governmental activities and different business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the City's funds, including its blended component unit. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds. The City reports all proprietary funds as major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or incidental activities.

The City reports the following major governmental funds:

General Fund

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.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, interest, principal, and related costs on general long-term debt.

Capital Project Fund

The Capital Project Fund accounts for financial resources to be used for acquisition or construction of major capital equipment or facilities (other than those financed by proprietary funds).

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

HRA Debt Service Fund

The HRA Debt Service Fund accounts for the accumulation of resources for, and the payment of, interest, principal, and related costs on general long-term debt for the HRA.

The City reports the following major proprietary funds:

Electric Fund

The Electric Fund accounts for customer electric service charges that are used to finance electric operating expenses.

Water Fund

The Water Fund accounts for customer water service charges which are used to finance water operating expenses.

Sewer Fund

The Sewer Fund accounts for customer sewer service charges which are used to finance sewer operating expenses.

Liquor Fund

The Liquor Fund accounts for customer sales that are used to finance liquor store operating expenses and provide funds for general operations of the City.

Additionally, the City reports the following funds as well as other governmental nonmajor funds aggregated in the fund financial statements:

Internal Service Fund

The Internal Service Fund is used to account for the financing of goods or services provided by one department to other departments of the City or to other entities, on a cost-reimbursement basis. The City maintains one internal service fund. The Central IT Services Fund is used to account for the maintenance and purchase of technology equipment and services of the City.

Other Nonmajor Funds

The nonmajor Special Revenue Funds account for funds received by the City that are intended to be used for specific purposes, other than debt service or capital projects, and consist of the Fire, Library, Civic Center, the HRA of Buffalo, the Airport and the Fiber Funds of the City.

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The City considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in 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 government.

All proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Electric, Water, Sewer, and Liquor Funds are charges to customers for sales and services. Operating expenses for these 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. Budgets

Annual appropriation budgets are adopted for the following funds: General, Fire, Library, Airport, Civic Center, and Fiber.

Budgets for the General Fund and certain special revenue funds are adopted on a basis consistent with GAAP.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets (Continued)

Budgeted amounts are reported as originally adopted, or as amended by the City Council. Budgeted expenditure appropriations lapse at year-end.

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

1. Prior to December 1, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments, and the final tax levy and budget are adopted.
3. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and some Proprietary Funds. Formal budgetary integration is not employed for the Capital Project and Debt Service funds.
5. Budgets are adopted on a basis consistent with GAAP except for the General Fund, as previously described, and enterprise funds where capital expenditures are budgeted for as an operating expense. Budgeted amounts presented are as originally adopted. The City does not budget for some Special Revenue Funds that have minimal transactions nor is an annual budget prepared for the HRA.

E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Fund Balances

1. Cash and Investments

Cash and investment balances from all funds are combined and invested to the extent available in certificates of deposits and other allowable investments. Earnings from investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Short-term highly liquid debt instruments (including commercial paper, bankers' acceptances, and U.S. Treasury and Agency obligations) purchased with a remaining maturity of one year or less are reported at amortized cost. Other investments are reported at fair value.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Fund Balances (Continued)

2. Property Tax Revenue Recognition

Property tax levies are set by the City Council in December of each year and are certified to the county auditor for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. Such taxes become a lien on property on January 1 and are recorded as receivables by the City at that date. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to cities and other taxing entities three times a year.

Within the governmental fund financial statements, the City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. Taxes which remain unpaid at December 31 are classified as delinquent and are not recognized as revenue in the governmental fund financial statements because they are not known to be available to finance current expenditures. The portion of delinquent taxes not collected by the City in January is fully offset by deferred inflows of resources in the governmental funds because it is not available to finance current expenditures. No allowances for uncollectible taxes have been provided because such amounts are not expected to be material. Property tax revenue in governmental activities is susceptible to full accrual on the government-wide statements.

3. Special Assessment Revenue Recognition

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with state statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the county auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Within the fund financial statements, the revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year.

Special assessments are collected by the County and remitted by December 31 (remitted to the City the following January) and are also recognized as revenue for the current year. All remaining delinquent assessments receivable in governmental funds are completely offset by deferred inflows of resources. Special assessment revenue in governmental activities is susceptible to full accrual on the government-wide statements.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Fund Balances (Continued)

3. Special Assessment Revenue Recognition (Continued)

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale and the first proceeds of that sale (after costs, penalties, and expenses of sale) are remitted to the City in payment of delinquent special assessments. Generally, the City will collect the full amount of its special assessments not adjusted by City Council or court action. Pursuant to state statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural, or seasonal recreational land in which event the property is subject to such sale after five years.

4. Utility Billing

The City bills customers monthly for the following utility services: electric, sewer and water, sanitation, recycling, storm sewer, and internet. The City bills and recognizes the electric, sewer and water services revenue in the month the service is provided.

5. Inventories and Prepaid Items

Materials and supplies, if material, are recorded at original cost and are reported under the consumption method in the Governmental Funds. Inventories in the City's utility funds and liquor store funds are reflected at average cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. In the governmental funds, reported prepaid items are classified as nonspendable fund balance.

6. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables are classified as "due from other funds", "interfund lease receivable", "interfund note receivable", or "advances to other funds" on the balance sheets of the fund financial statements.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Fund Balances (Continued)

7. Loans Receivable and Allowance for Uncollectible Accounts

The City records loans receivable for a revolving loan program that assists residents in the rehabilitation of homes. Also, the HRA issues loans to local businesses. An allowance for uncollectible accounts is established with City management believes that some portion of the receivable will not be collected. The City estimates the allowance based on the specific identification method. The estimated allowance as of December 31, 2024 for the revolving loan program is \$-0-

8. Property Held for Resale

These assets are recorded at the lower of original cost or current net realizable value in the governmental fund, which purchased them.

9. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are capitalized at historical cost, estimated historical cost for assets where actual historical cost is not available, or in the case of donated capital assets, their estimated acquisition value at the date of donation. Capital assets are defined by the City as assets with an estimated useful life of more than one year and an initial individual cost of more than the following:

<u>Assets</u>	<u>Cost</u>
Intangible Assets	\$25,000
Land	\$25,000
Land Improvements	\$25,000
Buildings and Building Improvements	\$50,000
Improvements Other Than Buildings	\$25,000
Vehicles	\$25,000
Equipment	\$15,000
Infrastructure and Utility	
Distribution Systems	\$75,000
All Other Assets	\$15,000
Construction In Progress	Capitalize Only

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Fund Balances (Continued)

9. Capital Assets (Continued)

In the case of the initial capitalization of infrastructure, the City retroactively implemented the reporting of this item when GASB 34 was implemented. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed as incurred. Since surplus assets are normally sold for an immaterial amount when declared as no longer needed for City purposes, no salvage value is taken into consideration for depreciation purposes.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful Life (Years)</u>
Land	Indefinite
Intangible Assets	Indefinite
Land Improvements	5 - 40
Buildings and Building Improvements	5 - 40
Improvements Other Than Buildings	5 - 25
Vehicles and Equipment	5 - 25
Infrastructure and Utility Distribution Systems	5 - 50

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Fund Balances (Continued)

10. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

Vacation

City employees earn vacation days based upon the number of completed years of service. The City compensates employees for unused vacation upon termination of employment.

Sick Leave

Employees are entitled to paid sick leave at various rates for each month of full-time service.

Severance

Regular employees who retire from active service receive pay for a percentage of their unused sick leave as severance. The percentage of sick leave varies from 25% to 40% based on years of service.

11. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bond issue costs are expensed in the year of issuance.

In the governmental fund financial statements, bond premiums, and discounts, as well as bond issue costs are recognized during the current period. The face amount of the debt issue is reported as other financing source. Premiums and discounts received on debt issuances are reported as other financing sources and uses, respectively. Bond issuance costs are reported as debt service expenditures.

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Fund Balances (Continued)

12. Pension Asset/Liability

For purposes of measuring the net pension asset, the net pension liability, deferred outflow/inflow of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and Buffalo Firefighters Relief Association plans (FRA), and additions to/deductions from PERA's and the FRA's fiduciary net position have been determined on the same basis as they are reported by PERA and the FRA. For this purpose, plan contributions and benefit payments (including refunds of 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.

13. OPEB

For purposes of measuring the OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the City's Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognized benefit payments when due and payable in accordance with the benefit terms.

14. Deferred Outflows of Resources

The City's financial statements 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. The City will not recognize the related outflow until a future event occurs. The City has two types of items which are reported as deferred outflows of resources. The first type of deferred outflow of resources relate to pension liabilities and OPEB liabilities, as described in Notes 6-8 to the financial statements. The second type of deferred outflow of resources relate to refunding of bonds.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Fund Balances (Continued)

15. Deferred Inflows of Resources

The City's financial statements 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. The City will not recognize the related revenue until a future event occurs. The City has four types of items which are reported as deferred inflow of resources. The first type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected later than 60 days after the end of the City's year) under the modified accrual basis of accounting. The second type of deferred inflow of resources relate to pension liabilities and OPEB liabilities, when applicable, as described in Notes 6-8 to the financial statements. The third type of deferred inflow of resources relate to refunding of bonds. The statement of net position and the governmental funds balance sheet also report a deferred inflow of resources related to leases, which is the fourth type of deferred inflows. The lease related deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus any payments received at or before the start of the lease term that relates to future periods, less any lease incentives paid to, or on behalf of the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

16. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures/ expenses made on behalf of another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

All other interfund transactions are reported as transfers.

All interfund transactions are eliminated except for activity between governmental activities and business-type activities for presentation in the government-wide statements of net position and statements of activities.

17. Net Position

In the government-wide financial statements and in the proprietary fund level statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets is separately reported because the City reports all capital assets which make up a significant portion of total net position. Restricted net position accounts for the portion of net position restricted by parties outside the City. Unrestricted net position is the remaining net position not included in the previous two categories.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Fund Balances (Continued)

18. Fund Balance

In the fund financial statements, governmental funds fund balances are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are either not in spendable form, such as prepaid items, inventory, and other long-term assets that are legally or contractually required to be maintained intact.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) by the City Council, which is the City's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. These constraints are intended to be used by the City but do not meet the criteria to be classified as restricted nor committed. In the governmental funds, assigned amounts represent the remaining amounts that are not classified as nonspendable, restricted or committed. In the General Fund, assigned amounts represent the intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator and the Finance Director to establish assignments of fund balance based on intended use.

Unassigned - The residual classification for the General Fund which also reflects negative residual amounts in other governmental funds.

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

The City has formally adopted a fund balance policy for the General Fund. The City's policy is to maintain a minimum unassigned fund balance of 50 percent of the next year's budgeted expenditures for cash-flow timing needs, with a minimum of six months.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Fund Balances (Continued)

19. Use of Estimates

The preparation of financial statements in accordance 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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

20. Adoption of New Accounting Standards

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences*. This standard updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures.

The City adopted the requirements of the guidance effective January 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption.

NOTE 2 DEPOSITS AND INVESTMENTS

The cash balances of substantially all funds are pooled by the City for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2024, based on market prices. Investment earnings on cash and pooled investments are credited to all funds based on their cash balances each month. In addition, some funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2024 were \$938,519.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits and Investments

In accordance with applicable Minnesota Statutes, the City maintains deposits at financial institutions authorized by the City Council. All such depositories are members of the Federal Reserve System. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledge must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral includes: U.S. government treasury bills, notes, and or bonds; securities issued by a U.S. government agency; general obligations of local governments rated "A" or better; revenue obligations of a state or local governments rated "AA" or better; irrevocable standby letters of credit issue by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral to be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

Custodial Credit Risk – Deposits – In the case of deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's deposit policy does not provide additional restrictions beyond Minnesota Statutes.

At December 31, 2024, the deposits were fully insured and collateralized as required by Minnesota Statutes §118A.03.

Investments

Minnesota Statutes §§118A.04 and 118A.05 generally authorize the following types of investments as available to the City:

- a) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minnesota Statutes §118A.04 subd. 6;
- b) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- c) general obligations of the state of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- d) bankers' acceptances of United States banks;

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

e) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and with certain restrictions, repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts. The deposits are presented in the financial statements as follows:

Credit Risk – Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City investment policy requires that commercial paper is rated A1/P1 or better, otherwise rating is not applicable.

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Amount</u>
Money Market	Not Rated	\$ 6,459,583
Negotiable Certificates of Deposit	Not Rated	10,872,492
Municipal Debt Securities	A1 - Aa3	<u>1,501,656</u>
Total		<u>\$ 18,833,731</u>

Concentration of Credit Risk – The City investment policy places a limit on the amount that the City may invest in commercial paper to \$500,000 and brokered certificates of deposits to \$250,000. The City had no investments at December 31, 2024 which individually comprised more than 5% of total investments.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater sensitivity of its fair value to changes in market interest rates. The City’s investment policy limits the maturities of investments to 10 years for U.S. Treasuries, federal agencies, and brokered certificates of deposit. The City limits the maturities to 270 days for commercial paper.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk – Custodial credit risk is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City investment policy does not address custodial credit risk.

<u>Investment Type</u>	<u>Total</u>	<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Money Market	\$ 6,459,583	\$ 6,459,583	\$ -	\$ -	\$ -
Negotiable Certificates of Deposit	10,872,492	2,981,777	2,718,660	4,672,817	499,238
Municipal Debt Securities	1,501,656	-	482,365	1,019,291	-
Total	<u>\$ 18,833,731</u>	<u>\$ 9,441,360</u>	<u>\$ 3,201,025</u>	<u>\$ 5,692,108</u>	<u>\$ 499,238</u>

The deposits and investments are presented in these financial statements:

Deposits	\$ 12,425,225
Investments	18,833,731
Total Cash and Cash Equivalents	<u>\$ 31,258,956</u>
Cash and Cash Equivalents	\$ 30,189,306
Cash and Investments with Fiscal Agent	1,069,650
Total Cash and Cash Equivalents	<u>\$ 31,258,956</u>
Governmental Activities	\$ 14,786,459
Business-Type Activities	16,472,497
Total Cash and Cash Equivalents	<u>\$ 31,258,956</u>

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the City has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. These inputs include bonds valued by a pricing service that uses matrix pricing and valuation multiples.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

Assets measured at fair value on a recurring basis:

Investment Type	Level 1	Level 2	Level 3	Total
Negotiable Certificates of Deposit	\$ -	\$ 10,872,492	\$ -	\$ 10,872,492
Municipal Debt Securities	-	1,501,656	-	1,501,656
Total	\$ -	\$ 12,374,148	\$ -	12,374,148
Investments Measured at Amortized Cost				
Money Market				6,459,583
Total				\$ 18,833,731

Negotiable certificates of deposit are valued using a matrix pricing based on the securities' relationship to benchmark quoted prices.

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 3,027,988	\$ 169,700	\$ -	\$ -	\$ 3,197,688
Construction in Progress	18,079,576	11,669,475	(14,828,793)	(189,304)	14,730,954
Total Capital Assets, Not Being Depreciated	21,107,564	11,839,175	(14,828,793)	(189,304)	17,928,642
Capital Assets, Being Depreciated:					
Land Improvements	18,666,948	2,082,039	-	-	20,748,987
Buildings and Building Improvements	17,628,950	11,241,039	(30,334)	11,200	28,850,855
Improvements Other than Buildings	3,941,461	413,175	(20,466)	-	4,334,170
Vehicles	5,852,936	437,469	(35,569)	39,330	6,294,166
Equipment	6,765,610	1,630,802	(293,087)	4,121,764	12,225,089
Infrastructure	95,549,427	4,947,922	-	-	100,497,349
Total Capital Assets, Being Depreciated	148,405,332	20,752,446	(379,456)	4,172,294	172,950,616
Accumulated Depreciation for:					
Land Improvements	(10,781,254)	(752,693)	-	-	(11,533,947)
Buildings and Building Improvements	(10,442,199)	(440,689)	30,334	(809)	(10,853,363)
Improvements Other than Buildings	(2,743,891)	(163,299)	20,466	-	(2,886,724)
Vehicles	(3,604,847)	(448,627)	35,569	(11,799)	(4,029,704)
Equipment	(5,159,379)	(530,982)	293,087	(2,212,794)	(7,610,068)
Infrastructure	(70,346,953)	(2,426,623)	-	-	(72,773,576)
Total Accumulated Depreciation	(103,078,523)	(4,762,913)	379,456	(2,225,402)	(109,687,382)
Total Capital Assets, Being Depreciated, Net	45,326,809	15,989,533	-	1,946,892	63,263,234
Right-to-Use Assets:					
Equipment	42,353	-	-	-	42,353
Accumulated Amortization for:					
Equipment	(4,941)	(8,471)	-	-	(13,412)
Total Right-to-Use Assets, Being Amortized, Net	37,412	(8,471)	-	-	28,941
Subscription Based Information Technology Arrangement Assets:					
Subscription Based Information Technology Arrangements	314,056	-	(2,906)	-	311,150
Accumulated Amortization for:					
Subscription Based Information Technology Arrangements	(76,484)	(93,745)	2,906	-	(167,323)
Total Subscription Based Information Technology Arrangements, Being Amortized, Net	237,572	(93,745)	-	-	143,827
Governmental Activities Capital Assets, Net	<u>\$ 66,709,357</u>	<u>\$ 27,726,492</u>	<u>\$ (14,828,793)</u>	<u>\$ 1,757,588</u>	<u>\$ 81,364,644</u>

Depreciation/amortization expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	\$ 158,883
Public Safety	489,016
Public Works	3,257,860
Culture and Recreation	959,370
Total Depreciation/Amortization Expense, Governmental Activities	<u>\$ 4,865,129</u>

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land and Intangible Assets	\$ 6,772,563	\$ 41,033	\$ -	\$ -	\$ 6,813,596
Construction in Progress	4,426,653	1,675,691	(2,154,920)	189,304	4,136,728
Total Capital Assets, Not Being Depreciated	<u>11,199,216</u>	<u>1,716,724</u>	<u>(2,154,920)</u>	<u>189,304</u>	<u>10,950,324</u>
Capital Assets, Being Depreciated:					
Land Improvements	1,421,945	-	-	-	1,421,945
Buildings and Building Improvements	51,519,196	1,517,896	(36,370)	(11,200)	52,989,522
Equipment	5,479,351	290,702	(136,162)	(151,617)	5,482,274
Utility Distributions Systems	88,892,767	2,036,852	-	(4,009,477)	86,920,142
Total Capital Assets, Being Depreciated	<u>147,313,259</u>	<u>3,845,450</u>	<u>(172,532)</u>	<u>(4,172,294)</u>	<u>146,813,883</u>
Accumulated Depreciation for:					
Land Improvements	(975,232)	(33,178)	-	-	(1,008,410)
Buildings and Building Improvements	(25,140,130)	(1,126,759)	36,370	809	(26,229,710)
Equipment	(4,219,447)	(355,783)	136,162	87,620	(4,351,448)
Utility Distributions Systems	(44,026,889)	(2,075,035)	-	2,136,973	(43,964,951)
Total Accumulated Depreciation	<u>(74,361,698)</u>	<u>(3,590,755)</u>	<u>172,532</u>	<u>2,225,402</u>	<u>(75,554,519)</u>
Total Capital Assets, Being Depreciated, Net	<u>72,951,561</u>	<u>254,695</u>	<u>-</u>	<u>(1,946,892)</u>	<u>71,259,364</u>
Business-Type Activities Capital Assets, Net	<u>\$ 84,150,777</u>	<u>\$ 1,971,419</u>	<u>\$ (2,154,920)</u>	<u>\$ (1,757,588)</u>	<u>\$ 82,209,688</u>

Depreciation expense was charged to business-type activities as follows:

Business-Type Activities:	
Electric Fund	\$ 1,183,720
Water Fund	918,091
Sewer Fund	1,440,454
Liquor Fund	48,490
Total Depreciation Expense, Business-Type Activities	<u>\$ 3,590,755</u>

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 LONG-TERM LEASE RECEIVABLE

The City, acting as lessor, leases infrastructure, land, and building space under long-term, noncancelable lease agreements. These leases expire at various dates through 2054 bearing implicit interest rates ranging from 0.25%-3.73%. During the year ended December 31, 2024, the City recognized \$323,552 and \$18,032 in lease revenue and interest revenue, respectively, pursuant the contracts.

Principal and interest requirements to maturity under the lease agreements 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>
2025	\$ 268,274	\$ 16,255	\$ 47,125	\$ 110
2026	237,767	13,687	4,314	21
2027	242,079	12,196	4,324	11
2028	242,115	10,679	-	-
2029	166,823	9,144	-	-
2030-2034	696,132	32,559	-	-
2035-2039	629,420	18,168	-	-
2040-2044	161,819	8,487	-	-
2045-2049	32,369	3,871	-	-
2040-2054	10,194	846	-	-
Total	<u>\$ 2,686,992</u>	<u>\$ 125,892</u>	<u>\$ 55,763</u>	<u>\$ 142</u>

Changes in the lease receivable for the year is as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>
Governmental Activities: Lease Receivable	<u>\$ 2,932,654</u>	<u>\$ 27,044</u>	<u>\$ 272,706</u>	<u>\$ 2,686,992</u>
Business-Type Activities: Lease Receivable	<u>\$ 106,609</u>	<u>\$ -</u>	<u>\$ 50,846</u>	<u>\$ 55,763</u>

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 CITY INDEBTEDNESS

City indebtedness at December 31, 2024 is composed of the following:

Description	Initial Amount Issued	Maturity Date	Interest Rate	Outstanding Principal
General Obligation Bonds:				
Governmental Activities:				
G.O. Bonds, Series 2015A	\$ 3,310,000	2031	2.00-3.00%	\$ 1,700,000
G.O. Street Reconstruction Bonds, Series 2016C	2,565,000	2032	2.00-2.75	1,470,000
G.O. Bonds, Series 2019B	6,710,000	2040	3.00-5.00	5,545,000
G.O. Refunding Bonds, Series 2019C	2,760,000	2025	5.00	965,000
G.O. Bonds, Series 2020A	4,433,400	2040	2.00-3.00	3,330,200
G.O. Refunding Bonds, Series 2022A	295,000	2033	2.00-3.00	215,000
G.O. Bonds, Series 2023A	2,400,000	2039	4.00-5.00	2,400,000
G.O. Bonds, Series 2024B	2,205,000	2035	5.00	2,205,000
Total Governmental Activities - G.O. Bonds	<u>24,678,400</u>			<u>17,830,200</u>
Business-Type Activities:				
G.O. Refunding Bonds, Series 2019C	1,200,000	2026	5.00	275,000
G.O. Bonds, Series 2020A	201,600	2026	3.00	84,800
G.O. Refunding Bonds, Series 2022A	220,000	2029	3.00	160,000
Total Business-Type Activities - G.O. Bonds	<u>1,621,600</u>			<u>519,800</u>
Total General Obligation Bonds	<u>\$ 26,300,000</u>			<u>\$ 18,350,000</u>
Tax Abatement Bonds:				
Governmental Activities:				
G.O. Bonds, Series 2015A	\$ 735,000	2031	2.00-3.00%	\$ 385,000
G.O. Tax Abatement Bonds, Series 2016A	925,000	2035	2.00-3.15	800,000
G.O. Tax Abatement and Refunding Bonds, Series 2020B	1,205,000	2027	2.00	625,000
G.O. Refunding Bonds, Series 2022A	1,230,000	2033	2.00-3.00	1,020,000
G.O. Tax Abatement and Utility Refunding Bonds, Series 2023B	2,910,000	2039	4.00-5.00	2,910,000
G.O. Tax Abatement Bonds, Series 2024C	1,687,132	2027	4.02	1,687,132
Total Tax Abatement Bonds	<u>\$ 8,692,132</u>			<u>\$ 7,427,132</u>
Loan Payable:				
Governmental Activities:				
NW Industrial Park Contract for Deed	\$ 1,660,000	2029	4.25%	\$ 1,619,767
Finance Purchase Obligations:				
Governmental Activities:				
2020 Police, Streets, Fire Equipment	\$ 305,585	2025	1.74%	\$ 63,167
2021 Police, Civil Defense, Streets, Fire Equipment	540,650	2025	1.57	220,463
2022 Police, Civil Defense, Streets, Parks Equipment	658,808	2026	4.69	344,809
Total Finance Purchase Obligations	<u>\$ 1,505,043</u>			<u>\$ 628,439</u>
General Obligation Revenue Bonds:				
Business-Type Activities:				
G.O. Water and Sewer Revenue Bonds, Series 2012A	\$ 5,610,000	2033	2.55-3.00%	\$ 5,610,000
G.O. Water and Sewer Revenue Refunding Bonds, Series 2014A	30,860,000	2028	3.00-4.00	19,700,000
Electric Revenue Bonds, Series 2014B	1,880,000	2025	2.75-3.00	615,000
Electric Revenue Bonds, Series 2016B	1,140,000	2026	2.00-2.45	250,000
G.O. Wastewater Revenue Refunding Bonds, Series 2017A	6,840,000	2033	3.00-3.50	6,840,000
G.O. Water and Sewer Revenue Bonds, Series 2017B	3,160,000	2033	2.00-3.00	2,030,000
Electric Revenue Bonds, Series 2018A	1,765,000	2028	3.00	765,000
Electric Revenue Bonds, Series 2018B	2,300,000	2029	3.00-3.25	1,245,000
G.O. Water and Sewer Revenue Refunding Bonds, Series 2019A	8,205,300	2025	3.00-5.00	580,000
G.O. Bonds, Series 2020A	1,295,000	2033	2.00-3.00	1,015,000
G.O. Sewer and Water Revenue Refunding Bonds, Series 2021A	2,260,000	2032	1.00-2.00	1,675,000
G.O. Bonds, Series 2023A	3,360,000	2039	4.00-5.00	3,360,000
G.O. Tax Abatement and Utility Refunding Bonds, Series 2023B	3,400,000	2039	4.00-5.00	3,400,000
Electric Revenue Bonds, Series 2024A	3,460,000	2035	5.00	3,460,000
Total Business-Type Activities Revenue Bonds	<u>75,535,300</u>			<u>50,545,000</u>
Total Revenue Bonds	<u>\$ 75,535,300</u>			<u>\$ 50,545,000</u>

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 CITY INDEBTEDNESS (CONTINUED)

The following is a schedule of changes in City indebtedness for the year ended December 31, 2024:

	Beginning of Year	Additions	Retirements	End of Year	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 18,160,200	\$ 2,205,000	\$ 2,535,000	\$ 17,830,200	\$ 2,218,400
General Obligation Tax Abatement Bonds	6,160,000	1,687,132	420,000	7,427,132	425,000
General Obligation Revenue Bond	15,928	-	15,928	-	-
Bond Subtotal	24,336,128	3,892,132	2,970,928	25,257,332	2,643,400
Bond Premium	1,006,971	277,773	194,319	1,090,425	-
Net Bond Subtotal	25,343,099	4,169,905	3,165,247	26,347,757	2,643,400
Loan Payable	-	1,660,000	40,233	1,619,767	55,667
Finance Purchase Obligations	1,072,426	-	443,987	628,439	452,004
Lease Liability	37,587	-	8,178	29,409	8,369
Subscription Liability	190,671	-	93,762	96,909	56,126
Compensated Absences	578,225	7,926	-	586,151	379,336
Total Governmental Activities	27,222,008	5,837,831	3,751,407	29,308,432	3,594,902
Business-Type Activities:					
General Obligation Bonds	789,800	-	270,000	519,800	281,600
General Obligation Revenue Bonds	45,489,070	-	1,279,070	44,210,000	5,170,000
Electric Revenue Bonds	3,810,000	3,460,000	935,000	6,335,000	1,155,000
Bond Subtotal	50,088,870	3,460,000	2,484,070	51,064,800	6,606,600
Bond Premium	932,002	291,485	178,535	1,044,952	-
Net Bond Subtotal	51,020,872	3,751,485	2,662,605	52,109,752	6,606,600
Compensated Absences	415,786	-	34,389	381,397	233,607
Total Business-Type Activities	51,436,658	3,751,485	2,696,994	52,491,149	6,840,207
Total Debt	\$ 78,658,666	\$ 9,589,316	\$ 6,448,401	\$ 81,799,581	\$ 10,435,109

*These rows are presented net of additions and retirements, as allowed under GASB 101.

Minimum annual principal and interest payments required to retire long-term debt, not including lease liability, subscription liability, and compensated absences payable are as follows:

Year Ending December 31,	Governmental Activities							Totals
	Bonded Debt		Loan Payable		Finance Purchase Obligations			
	Principal	Interest	Principal	Interest	Principal	Interest		
2025	\$ 2,643,400	\$ 876,873	\$ 55,667	\$ 67,961	\$ 452,004	\$ 15,185	\$ 4,111,090	
2026	2,096,800	773,329	58,071	65,557	176,435	4,514	3,174,706	
2027	3,777,132	700,866	60,579	63,049	-	-	4,601,626	
2028	1,960,000	558,723	63,194	198,657	-	-	2,780,574	
2029	1,780,000	490,948	1,382,256	14,686	-	-	3,667,890	
2030-2034	8,045,000	1,543,065	-	-	-	-	9,588,065	
2035-2039	4,550,000	420,496	-	-	-	-	4,970,496	
2040	405,000	5,638	-	-	-	-	410,638	
Total	\$ 25,257,332	\$ 5,369,938	\$ 1,619,767	\$ 409,910	\$ 628,439	\$ 19,699	\$ 33,305,085	

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 CITY INDEBTEDNESS (CONTINUED)

<u>Year Ending December 31,</u>	Business-Type Activities		
	Bonded Debt		
	Principal	Interest	Totals
2025	\$ 6,606,600	\$ 1,711,385	\$ 8,317,985
2026	6,613,200	1,504,638	8,117,838
2027	6,685,000	1,301,078	7,986,078
2028	6,885,000	1,088,420	7,973,420
2029	3,695,000	805,325	4,500,325
2030-2034	16,865,000	2,186,685	19,051,685
2035-2039	3,715,000	595,350	4,310,350
Total	<u>\$ 51,064,800</u>	<u>\$ 9,192,881</u>	<u>\$ 60,257,681</u>

The annual requirements to amortize all long-term debt outstanding as of December 31, 2024, including interest of \$14,992,428 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 12,429,075
2026	11,292,544
2027	12,587,704
2028	10,753,994
2029	8,168,215
2030-2034	28,639,750
2035-2039	9,280,846
2040	410,638
Total	<u>\$ 93,562,766</u>

In 2024, the City issued \$3,460,000 in Electric Revenue Bonds (Series 2024A) for the purpose of financing improvements and extensions to the City's electric utility, including the Advanced Metering Infrastructure (AMI) project and supporting system improvements. The bonds carry an interest rate of 5.00% and will mature in 2035.

In 2024, the City issued \$2,205,000 in General Obligation Street Reconstruction and Equipment Bonds (Series 2024B) for the purpose of financing various street improvement projects in the City and the purchase of capital equipment. The bonds carry an interest rate of 5.00% and will mature in 2035.

In 2024, the City issued \$1,687,132 in Temporary General Obligation Taxable tax Abatement Bonds (Series 2024C) for the purpose of financing the purchase of land and building for use as the City's community center facility. The bonds carry an interest rate of 4.02% and will mature in 2027.

In prior years, the City placed resources in an account held by an escrow agent to defease debt. As of December 31, 2024, the amount of defeased debt that is outstanding on the 2015C and 2016A bonds totals \$0 and \$0, respectively.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 CITY INDEBTEDNESS (CONTINUED)

The City leases equipment under a long-term, noncancelable lease agreement. The lease expires in 2028 and provides for renewal options, which the City is not anticipating to exercise.

Principal and interest requirements to maturity under lease agreements are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 8,369	\$ 591	\$ 8,960
2026	8,564	396	8,960
2027	8,764	196	8,960
2028	3,712	21	3,733
Total	<u>\$ 29,409</u>	<u>\$ 1,204</u>	<u>\$ 30,613</u>

The City has entered into subscription based information technology arrangements (SBITAs) related to the City's website, utility billing portal, finance and recreational management software, among other various City subscriptions and licenses. The SBITA arrangements expire at various dates through 2028 and provide for renewal options.

The future subscription payments under SBITA agreements are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 56,126	\$ 5,286	\$ 61,412
2026	22,551	1,090	23,641
2027	8,778	493	9,271
2028	9,454	255	9,709
Total	<u>\$ 96,909</u>	<u>\$ 7,124</u>	<u>\$ 104,033</u>

Future revenue pledged for payment of long-term debt is as follows:

<u>Bond Issue</u>	<u>Use of Proceeds</u>	<u>Type</u>	<u>Revenue Pledged</u>		<u>Remaining Principal and Interest</u>	<u>Current Year</u>	
			<u>Percent of Total Debt Service</u>	<u>Term of Pledge</u>		<u>Principal and Interest Paid</u>	<u>Pledged Revenue Received</u>
G.O. Sewer & Water Revenue Bonds, Series 2012A	Water & Sewer	Water & Sewer Utility Charges	100%	2012 - 2033	\$ 6,750,916	\$ 157,492	\$ 6,140,444
Electric Revenue Bonds, Series 2014B	Electric	Electric Utility Charges	100%	2014 - 2025	\$ 624,225	\$ 439,416	\$ 17,954,579
Electric Revenue Bonds, Series 2016B	Electric	Electric Utility Charges	100%	2016 - 2026	\$ 256,000	\$ 127,165	\$ 17,954,579
G.O. Sewer Revenue Bonds, Series 2017A	Sewer	Sewer Utility Charges	100%	2017 - 2033	\$ 8,274,281	\$ 215,988	\$ 6,140,444
G.O. Sewer & Water Revenue Bonds, Series 2017B	Water & Sewer	Water & Sewer Utility Charges	100%	2017 - 2033	\$ 2,279,625	\$ 256,300	\$ 6,140,444
Electric Revenue Bonds, Series 2018A	Electric	Electric Utility Charges	100%	2018 - 2028	\$ 811,875	\$ 200,575	\$ 17,954,579
Electric Revenue Bonds, Series 2018B	Electric	Electric Utility Charges	100%	2018 - 2029	\$ 1,346,619	\$ 267,337	\$ 17,954,579

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 CITY INDEBTEDNESS (CONTINUED)

Bond Issue	Use of Proceeds	Type	Revenue Pledged		Remaining Principal and Interest	Current Year	
			Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
G.O. Water & Sewer Revenue Refunding Bonds, Series 2019A	Water, Sewer & Storm Sewer	Water, Sewer & Storm Sewer Utility Charges	100%	2019 - 2025	\$ 597,400	\$ 861,042	\$ 6,140,444
G.O. Bonds, Series 2020A	Water & Sewer	Water & Sewer Utility Charges	25%	2020 - 2033	\$ 1,127,930	\$ 122,625	\$ 6,140,444
G.O. Bonds, Series 2021A	Water & Sewer	Water & Sewer Utility Charges	25%	2021 - 2032	\$ 1,784,885	\$ 187,465	\$ 6,140,444
G.O. Bonds, Series 2023A	Water & Sewer	Water & Sewer Utility Charges	50%	2024 - 2039	\$ 4,650,700	\$ 173,352	\$ 6,140,444
G.O. Bonds, Series 2023B	Water & Sewer	Water & Sewer Utility Charges	55%	2024 - 2039	\$ 4,819,100	\$ 171,565	\$ 6,140,444
Electric Revenue Bonds, Series 2024A	Electric	Electric Utility Charges	100%	2025 - 2035	\$ 4,600,611	\$ -	\$ 17,954,579

NOTE 6 PENSION PLANS

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan

Membership in the General Plan includes employees the City whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

2. Public Employees Police and Fire Plan

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

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 PENSION PLANS (CONTINUED)

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is “vested,” they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

1. General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member’s highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. Police and Fire Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a prorated increase.

C. Contributions

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

1. General Employees Plan Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024 were \$518,690. The City contributions were equal to the required contributions as set by state statute.

2. Police and Fire Plan Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2024 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2024 were \$341,545. The City contributions were equal to the required contributions as set by state statute.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$2,858,580 for its proportionate share of the General Employees Fund’s net pension liability. The City’s net pension liability reflected a reduction due to the state of Minnesota’s contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state’s contribution meets the definition of a special funding situation. The state of Minnesota’s proportionate share of the net pension liability associated with the City totaled \$73,917.

City's Proportionate Share of the Net Pension Liability	\$ 2,858,580
State's Proportionate Share of the Net Pension Liability Associated with the City	73,917
Total Proportionate Share of the Net Pension Liability Associated with the City	\$ 2,932,497

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA’s participating employers. The City’s proportionate share was 0.0773% at the end of the measurement period and 0.0776% for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of \$311,887 for its proportionate share of the General Employees Plan’s pension expense. In addition, the City recognized an additional \$916 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.

During the plan year ended June 30, 2024, the state of Minnesota contributed \$170.1 million to the General Employees Fund. The state of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$131,521 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota’s on-behalf contributions to the General Employees Fund.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

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

Description	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 268,781	\$ -
Changes in Actuarial Assumptions	13,957	1,081,926
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	830,108
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	86,528	13,048
City Contributions Subsequent to the Measurement Date	264,906	-
Total	<u>\$ 634,172</u>	<u>\$ 1,925,082</u>

The \$264,906 reported as deferred outflow 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31.</u>	Pension Expense Amount
2025	\$ (841,928)
2026	(140,206)
2027	(354,589)
2028	(219,093)
Total	<u>\$ (1,555,816)</u>

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of \$1,732,4481 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA’s participating employers. The City’s proportion was 0.1317% at the end of the measurement period and 0.1263% for the beginning of the period.

The state of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The state of Minnesota’s proportionate share of the net pension liability associated with the City totaled \$66,042.

City's Proportionate Share of the Net Pension Liability	\$ 1,732,481
State's Proportionate Share of the Net Pension Liability	
Associated with the City	66,042
Total Proportionate Share of the Net Pension	
Liability Associated with the City	\$ 1,798,523

For the year ended December 31, 2024, the City recognized pension expense of \$380,208 for its proportionate share of the Police and Fire Plan’s pension expense. The City recognized \$25,963 as grant revenue and pension expense for its proportionate share of the state of Minnesota’s pension expense for the contribution of \$9 million to the Police and Fire Fund special funding situation.

The state of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$37,395 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota’s on-behalf contributions to the Police and Fire Fund.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

At December 31, 2024, the City 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:

Description	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 675,163	\$ -
Changes in Actuarial Assumptions	1,904,446	2,551,123
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	563,317
Changes in Proportion and Differences Between		
City Contributions and Proportionate		
Share of Contributions	196,603	39,789
City Contributions Subsequent to the		
Measurement Date	173,431	-
Total	<u>\$ 2,949,643</u>	<u>\$ 3,154,229</u>

The \$173,431 reported as deferred outflow 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 ending December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	Pension Expense Amount
2025	\$ (31,413)
2026	494,515
2027	(229,543)
2028	(667,279)
2029	55,703
Total	<u>\$ (378,017)</u>

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Summary

The aggregate amount of net pension liability, net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense for the City's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated.

	General Employees Fund	Police and Fire Fund	Fire Relief	Total
Net Pension Liability	\$ 2,858,580	\$ 1,732,481	\$ -	\$ 4,591,061
Net Pension Asset	-	-	589,858	589,858
Deferred Outflows of Resources Related to Pensions	634,172	2,949,643	110,941	3,694,756
Deferred Inflows of Resources Related to Pensions	1,925,082	3,154,229	89,976	5,169,287
Pension Expense	312,803	406,171	121,473	840,447

E. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	<u>100.0 %</u>	

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% 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 considered reasonable by the actuary. An investment return of 7% is within that range.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions (Continued)

Inflation is assumed to be 2.25% for the General Employees Plan and the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1.00% for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.00% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 11.75% after one year of service to 3.00% after 24 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police & Fire Plan was reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions (Continued)

Police and Fire Fund

Changes in Plan Provisions:

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.00%. 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 and Police and Fire Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 PENSION PLANS (CONTINUED)

H. Pension Liability Sensitivity

The following presents the City’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	Proportionate Share of the			
	General Employees Retirement Plan		Public Employees Police and Fire Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.00 %	\$ 6,243,599	6.00 %	\$ 4,094,191
Current	7.00	2,858,580	7.00	1,732,481
1% Increase	8.00	74,093	8.00	(206,977)

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.

NOTE 7 FIREFIGHTERS RELIEF ASSOCIATION DEFINED BENEFIT PENSION PLAN

A. Plan Description

Firefighters of the City are members of the Buffalo Firefighters Relief Association (the Association). The Association is the administrator of the single-employer defined benefit pension plan available to firefighters. The plan is administered pursuant to Minnesota Statutes, Chapter 69, Chapter 424A, and the Association’s by-laws. As of December 31, 2024, membership includes 34 active members and 10 inactive members entitled to benefits, but not yet receiving them.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

**NOTE 7 FIREFIGHTERS RELIEF ASSOCIATION DEFINED BENEFIT PENSION PLAN
(CONTINUED)**

B. Benefits Provided

Authority for payment of pension benefits is established in Minnesota Statutes §69.77 and may be amended only by the Minnesota State Legislature. Each member who is at least 50 years of age, has retired from the fire department, has served at least 20 years of active service with such department before retirement, shall be entitled to a lump sum service pension in the amount of \$5,600 for each year of active fire department service, but not exceeding the maximum amount per year of service allowed by law for the minimum average amount of available financing per firefighter as prescribed by law.

Pursuant to Minnesota Statutes §424A.02, Subds. 2 and 4, members who retire with 10 years of service and have reached the age of 50 years are eligible for a retirement benefit. Members who retire before full retirement age and years of service requirements are eligible for a reduced benefit, based on the vesting schedule as set forth in Minnesota Statutes §424A.02, Subd. 2(c). During the time a member is on early vested pension, they will not be eligible for disability benefits.

If a member of the Association shall become permanently or totally disabled, the Association shall pay the sum \$5,600 for each year the member was an active member of the Buffalo Fire Department. If a member who received a disability pension subsequently recovers and returns to active duty, the disability pension is deducted from the service pension. A death benefit is also available, which is payable to a survivor.

Minnesota Statutes Section 424A.10 provides for the payment of a supplemental benefit equal to 10% of a regular lump sum distribution up to a maximum of \$1,000. The supplemental benefit is in lieu of state income tax exclusion for lump sum distributions and will no longer be available if state tax law is modified to exclude lump sum distributions from state income tax. The Association qualifies for these benefits.

C. Contributions

Minnesota Statutes Chapter 69.772 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from state aid are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a 10-year period. The significant actuarial assumptions used to compute the municipal support are the same as those used to compute the accrued pension liability. The association is comprised of volunteers; therefore, there are no payroll expenditures (i.e., there are no covered payroll percentage calculations).

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

**NOTE 7 FIREFIGHTERS RELIEF ASSOCIATION DEFINED BENEFIT PENSION PLAN
(CONTINUED)**

C. Contributions (Continued)

The minimum contribution from the City and state aid is determined as follows:

Normal Cost	\$ 183,299
Amortization Payment on Unfunded Accrued Liability Prior to Any Change	38,390
Administrative Expenses	2,934
Anticipated State Aid	(147,051)
Projected Investment Earnings	<u>(77,572)</u>
Total Contribution Required	<u><u>\$ -</u></u>

The Plan is funded in part by fire state aid and, if necessary, City contributions. The state of Minnesota distributed to the City \$214,846 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2024. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contribution to the plan for the year ended December 31, 2024 was \$-0-.

D. Pension Costs

At December 31, 2024, the City reported an asset of \$589,858 for the Association's net pension asset. The net pension asset was measured as of December 31, 2023, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022.

As a result of its requirement to contribute to the Relief Association, the City recognized expense of \$121,473 for the year ended December 31, 2024. At December 31, 2024, the City reported deferred outflow of resources and deferred inflow of resources from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 89,876
Changes in Actuarial Assumptions	34,913	100
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	73,528	-
Association Contributions Subsequent to the Measurement Date	<u>2,500</u>	<u>-</u>
Total	<u><u>\$ 110,941</u></u>	<u><u>\$ 89,976</u></u>

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

**NOTE 7 FIREFIGHTERS RELIEF ASSOCIATION DEFINED BENEFIT PENSION PLAN
(CONTINUED)**

D. Pension Costs (Continued)

The \$2,500 reported as deferred outflow of resources related to pensions resulting from Association contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflow and inflow of resources related to the Association's pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2025	\$ (32)
2026	22,438
2027	54,721
2028	(36,389)
2029	(7,630)
Thereafter	<u>(14,643)</u>
Total	<u>\$ 18,465</u>

E. Actuarial Assumptions

The actuarial total pension liability was determined as of December 31, 2022. The measurement period for year ended December 31, 2024 is December 31, 2023. The following actuarial assumptions were used to calculate the total pension liability, applied to all periods included in the measurement:

Valuation Date:	December 31, 2022
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar Closed

Actuarial Assumptions:	
Discount Rate	4.50 %
Investment Rate of Return	4.50
Inflation	2.50
Age of Service Retirement	50

Mortality rates for healthy pre-retirement was based on Pub-2010 Public Safety employee mortality tables projected with mortality improvement scale MP-2021. Mortality rates for healthy post-retirement and disabled were based on Pub-2010 Healthy Retired Public Safety mortality tables projected with mortality improvement scale MP-2021. Male rates are adjusted by a factor of 0.98% and 1.05% for healthy post-retirement and disabled, respectively.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

**NOTE 7 FIREFIGHTERS RELIEF ASSOCIATION DEFINED BENEFIT PENSION PLAN
(CONTINUED)**

E. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighing the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation (2.5%). All results are then rounded to the nearest quarter percentage point.

The best-estimates of expected future asset class returns were published in the 2022 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standard deviations and correlation coefficients, are based on Horizon's annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

The following assumptions changes have been made since the prior valuation:

- There have been no changes since the prior valuation.

Best estimates of geometric real and nominal rates of return for each major asset class included in the pension plan's asset allocation as of December 31, 2022 are summarized in the following table:

Asset Class	Target Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Cash and Equivalents	5.0 %	(0.05)%	2.05 %
Domestic Equity	60.0	4.10	6.60
Fixed Income	35.0	1.05	3.55
Total	<u>100.0 %</u>		5.66
Reduced for Assumed Investment Expense			<u>(1.14)</u>
Net Assumed Investment Return (Rounded to 1/4%)			<u>4.50 %</u>

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

**NOTE 7 FIREFIGHTERS RELIEF ASSOCIATION DEFINED BENEFIT PENSION PLAN
(CONTINUED)**

F. Discount Rate

The discount rate used to measure the total pension liability was 4.50%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments were discounted by year using expected assets 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 of return. The equivalent single rate is the discount rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

G. Pension Asset Sensitivity

The following presents the City of Buffalo’s proportionate share of the net pension asset of the Association, calculated using the discount rate of 4.50%, as well as what the Association’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.50%) or one percentage point higher (5.50%) than the current rate:

	<u>1% Decrease</u>	<u>Selected Discount Rate</u>	<u>1% Increase</u>
Net Pension Liability (Asset)	\$ (542,345)	\$ (589,858)	\$ (635,367)
Discount Rate	3.50%	4.50%	5.50%

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

**NOTE 7 FIREFIGHTERS RELIEF ASSOCIATION DEFINED BENEFIT PENSION PLAN
(CONTINUED)**

H. Plan's Fiduciary Net Position

Information about changes in the Plan's net pension asset is as follows:

	Measurement Date
	December 31, 2023
<u>Total Pension Liability</u>	
Service Cost	\$ 78,997
Interest	81,560
Change of Benefit Terms	108,130
Benefit Payments, Including Member Refunds	(169,000)
NET CHANGE IN TOTAL PENSION LIABILITY	99,687
Total Pension Liability - Beginning of Year	1,817,948
TOTAL PENSION LIABILITY - END OF YEAR (a)	1,917,635
<u>Plan Fiduciary Net Position</u>	
Municipal Contributions	2,500
State Contributions	167,051
Net Investment Income	250,572
Benefit Payments	(169,000)
Administrative Expenses	(2,850)
NET CHANGE IN FIDUCIARY NET POSITION	248,273
Fiduciary Net Position - Beginning of Year	2,259,220
FIDUCIARY NET POSITION - END OF YEAR (b)	2,507,493
ASSOCIATION'S NET PENSION LIABILITY/ (ASSET) - END OF YEAR (a) - (b)	\$ (589,858)

Detailed information about the pension plan's fiduciary net position is available in a separately issued financial statement. That report may be obtained by writing to City of Buffalo, City Hall at 212 Central Avenue, Buffalo, Minnesota 55313.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. Plan Description

The City operates a single-employer retiree benefit plan (the Plan) that provides health and dental insurance to eligible employees and their spouses through the City's health insurance plan. There are 93 active participants, 5 retired participant receiving payments, and 3 spouse receiving payments. There are no inactive employees entitled to but not receiving benefits. Benefit and eligibility provisions are established through negotiations between the City and the City's employees. The Plan does not issue a publicly available financial report.

B. Funding Policy

The City does not have assets designated to pay for OPEB related costs. Contribution requirements are negotiated between the City and the City's employees. The eligibility for, amount of, duration of, and City's contribution to the cost of the benefits provided varies by contract and date of retirement. The City is funding this liability on a pay-as-you-go basis. For the year ended December 31, 2024, the City did not contribute to the plan.

C. Actuarial Methods and Assumptions

The City's OPEB liability was measured as of January 1, 2024 and was determined by an actuarial valuation as of January 1, 2024.

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Service Graded Table
Medical Trend Rates	6.50% Decreasing to 5.00% Over 6 Years then to 4.00% Over Next 48 Years

Mortality Rates were based on the 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, 2024 valuation were based on the four-year experience study for the Public Employees Retirement Association of Minnesota Police and Fire Plan completed in 2020 and the four-year experience study for the Public Employees Retirement Association of Minnesota General Employees Plan completed in 2019 and a review of the inflation assumption.

The discount rate used to measure the total OPEB liability was 3.70%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

C. Actuarial Methods and Assumptions (Continued)

Since the most recent actuarial valuation, the following actuarial assumptions changes have been made:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The discount rate was changed from 4.00% to 3.70%.

Since the most recent actuarial valuation, the following plan provision changes have been made:

- There have been no changes since the prior valuation.

D. Changes in the OPEB Liability

	Total OPEB Liability
Balances at December 31, 2023	\$ 1,528,437
Changes for the Year:	
Service Cost	40,191
Interest Cost	60,910
Change of Assumptions	74,817
Differences between Expected and Actual Experience	24,560
Benefit Payments	<u>(92,681)</u>
Net Change in Total OPEB Liability	107,797
Balances at December 31, 2024	<u><u>\$ 1,636,234</u></u>

The following presents the OPEB liability of the City, as well as what the City's OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.70%)	Discount Rate (3.70%)	1% Increase (4.70%)
OPEB Liability	\$ 1,786,256	\$ 1,636,234	\$ 1,503,355

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

D. Changes in the OPEB Liability (Continued)

The following presents the OPEB liability of the City, as well as what the City's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.50% decreasing to 5% over six years) or 1% higher (7.50% decreasing to 6% over six years) than the current healthcare cost trend rates:

	1% Decrease (5.50% Decreasing to 4% Over 6 Years)	Current Trend Rates (6.50% Decreasing to 5% Over 5 Years)	1% Increase (7.50% Decreasing to 6% Over 6 Years)
OPEB Liability	\$ 1,495,107	\$ 1,636,234	\$ 1,797,027

For the year ended December 31, 2024, the City recognized OPEB Expense of \$235,986. At December 31, 2024, the City reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Liability	\$ 620,757	\$ 4,447
Change of Assumptions	119,195	125,702
Benefits Paid Subsequent to the Measurement Date	90,514	-
Total	\$ 830,466	\$ 130,149

The \$90,514 reported as deferred outflows of resources related to OPEB resulting from City benefit payments subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Expenses Amount
2025	\$ 134,885
2026	134,893
2027	137,404
2028	137,398
2029	51,034
Thereafter	14,189
Total	\$ 609,803

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 9 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balances/Net Position

The City has deficit fund balances/net position at December 31, 2024 as follows:

Governmental Funds:	
HRA Debt Service	\$ (1,067,794)
Other Governmental Funds:	
Civic Center Fund	\$ (2,088,064)
Fiber Fund	\$ (493,269)
Internal Service Fund	\$ (80,429)

The City intends to fund these deficits through future tax levies, special assessment levies, tax increments, transfers from other funds, and various other sources.

NOTE 10 DEFERRED AD VALOREM TAX LEVIES – BONDED DEBT

General obligation bond issues sold by the City are partially financed by ad valorem tax levies in addition to special assessments levied against the benefiting properties. When a bond issue to be financed partially or completely by ad valorem tax levies is sold, specific annual amounts of such tax levies are stated in the bond resolution and the county auditor is notified and instructed to levy these taxes over the appropriate years. The future tax levies are subject to cancellation when and if the City has provided alternative sources of financing. The City Council is required to levy any additional taxes found necessary for full payment of principal and interest.

These future scheduled tax levies are not shown as assets in the accompanying financial statements at December 31, 2024 because they have not yet been levied against the properties by the county.

Future scheduled tax levies for all bonds outstanding at December 31, 2024 totaled \$20,826,469.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 11 INTERFUND ADVANCES AND TRANSFERS

A. Advances To/From Other Funds

Fund	Advances to Other Funds	Advances from Other Funds
General Fund	\$ 2,168,310	\$ -
Debt Service Fund	1,020,000	-
HRA Debt Service Fund	-	1,084,997
Other Governmental Funds	-	2,168,310
Proprietary Funds:		
Electric Fund	64,997	-
Total Advances	\$ 3,253,307	\$ 3,253,307

The Debt Service Fund and Electric Fund advanced \$1,020,000 and \$64,997, respectively, to the HRA Debt Service Fund as the City issued debt for the downtown enhancement project for which the HRA spent the proceeds.

The General Fund advanced \$2,168,310 to the Civic Center Fund to eliminate deficit cash balance. The amount is not expected to be repaid within one year.

B. Due To/From Other Funds

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 72,025	\$ -
Other Governmental Funds	-	904,714
Proprietary Funds:		
Electric Fund	904,714	-
Internal Service Fund	-	72,025
Total Due To/From	\$ 976,739	\$ 976,739

The Internal Service Fund borrowed \$72,025 from the General Fund and the Fiber Fund borrowed \$904,714 from the Electric Fund to eliminate deficit cash balances. The amount is expected to be repaid within one year.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 11 INTERFUND ADVANCES AND TRANSFERS (CONTINUED)

C. Transfers

Transfers between funds during 2024 are as follows:

	<u>Amount</u>	<u>Description</u>
<u>Major Governmental Funds</u>		
Transfers to General Fund from:		
Electric Fund	\$ 900,000	Annual Contribution
Liquor Fund	250,000	Annual Contribution
Total Transfers to General Fund	<u>1,150,000</u>	
Transfers to Debt Service Fund from:		
General Fund	63,463	Transfer of Debt Payment
HRA Debt Service Fund	28,575	Transfer of Debt Payment
Total Transfers to Debt Service Fund	<u>92,038</u>	
Transfers to Capital Projects Fund from:		
General Fund	185,029	Deficit Cash Transfer and Annual Contribution
Sewer Fund	94,863	Street Improvements
Total Transfers to Capital Projects Fund	<u>279,892</u>	
Transfers to HRA Debt Service Fund from:		
General Fund	28,012	Transfer of Debt Payment
HRA Fund	133,575	Transfer of Debt Payment
Total Transfer to HRA Fund	<u>161,587</u>	
Total Transfers to Major Governmental Funds	1,683,517	
<u>Nonmajor Governmental Funds</u>		
Transfers to Civic Center Fund from:		
Electric Fund	100,000	Annual Contribution
Transfers to Airport Fund from:		
General Fund	<u>50,000</u>	Annual Contribution
Total Transfers to Nonmajor Governmental Funds	<u>150,000</u>	
Total Interfund Transfers	<u>\$ 1,833,517</u>	

Capital assets totaling \$1,946,892 were transferred from business type activities to governmental activities.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 12 FUND BALANCE CLASSIFICATIONS

The fund balance classifications of the governmental funds as of December 31, 2024 were as follows:

	General Fund	Debt Service Fund	Capital Project Fund	HRA Debt Service Fund	Nonmajor Governmental Funds	Governmental Funds Total
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 14,180	\$ 14,180
Prepaid Items	33,796	-	43,302	-	397,856	474,954
Advance to Other Funds	2,168,310	-	-	-	-	2,168,310
Total Nonspendable	<u>2,202,106</u>	<u>-</u>	<u>43,302</u>	<u>-</u>	<u>412,036</u>	<u>2,657,444</u>
Restricted:						
HRA	-	-	-	-	180,487	180,487
Debt Service	-	4,537,163	-	-	-	4,537,163
Public Safety	-	-	528,553	-	-	528,553
Capital Projects	-	-	3,487,969	-	-	3,487,969
Total Restricted	<u>-</u>	<u>4,537,163</u>	<u>4,016,522</u>	<u>-</u>	<u>180,487</u>	<u>8,734,172</u>
Committed:						
Library	-	-	-	-	24,032	24,032
Fire Equipment	-	-	-	-	180,000	180,000
Fire Operations	-	-	-	-	234,160	234,160
The Buffalo HRA	-	-	-	-	410,719	410,719
Airport	-	-	-	-	351,775	351,775
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,200,686</u>	<u>1,200,686</u>
Assigned:						
Capital Projects	-	-	194,633	-	-	194,633
Unassigned						
	<u>5,644,854</u>	<u>-</u>	<u>(675,685)</u>	<u>(1,067,794)</u>	<u>(2,963,044)</u>	<u>938,331</u>
Total Fund Balance	<u>\$ 7,846,960</u>	<u>\$ 4,537,163</u>	<u>\$ 3,578,772</u>	<u>\$ (1,067,794)</u>	<u>\$ (1,169,835)</u>	<u>\$ 13,725,266</u>

NOTE 13 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Workers' compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers' Compensation Reinsurance Association (WCRA) as required by law. For workers' compensation, the City is not subject to a deductible. The City's workers' compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 13 RISK MANAGEMENT (CONTINUED)

Property and casualty insurance is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The City retains risk for the deductible portion of the insurance policies and for any exclusion from the insurance policies. These amounts are considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

NOTE 14 TAX ABATEMENTS

The City has four pay-as-you-go tax increment financing districts with local businesses to promote economic development within the City as authorized under Minnesota Statutes §469.17. The City is currently collecting tax increments that are paid through the property tax collection process. The requirement for businesses to receive the excess tax increments from the City is to perform improvements on the owned property. The increment taxes are based on the increase of the property value after the improvements are made. The agreements call for 90% of the property tax increments collected to be returned to the developers less administrative fees.

The first district is a qualified housing tax increment financing district to facilitate construction of senior rental housing development within the City. The district will stop collections as of the earlier of December 31, 2027 or when the plan is satisfied. For the year ended December 31, 2024, the City paid excess tax increment in the amount of \$60,105.

The second district is a redevelopment tax increment financing district that was created to facilitate the renovation of one substandard structure and the construction of two new commercial buildings within the City. The district will stop collections as of the earlier of December 31, 2041 or when the plan is satisfied. For the year ended December 31, 2024, the City paid excess tax increment in the amount of \$6,739.

The third district is an economic development district to facilitate the construction of a 20,000-square-foot expansion to a manufacturing facility in the City. The district will stop collections as of the earlier of December 31, 2025 or when the plan is satisfied. For the year ended December 31, 2024, the City paid excess tax increment in the amount of \$73,088.

The fourth district is a housing district to facilitate making the land in the Project Area available for development by private enterprise in conformance with the Redevelopment Plan. The district will stop collections as of the earlier of February 1, 2048 or when the plan is satisfied. For the year ended December 31, 2024, the City paid in excess tax increment in the amount of \$63,903.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 14 TAX ABATEMENTS (CONTINUED)

The City participates in a 10-year tax abatement program with Buffalo Healthcare Investors, LLC under Minnesota Statutes, Sections 469.1813 through 469.1815. Under these statutes, the City is able to grant tax abatements for development purposes including general economic development, such as increasing the property tax base or the number of jobs in the area and providing access to services for residents such as healthcare. The assessed value attributable to land at Lot 2, Block 1, Kaysons Third Addition, Wright County, Minnesota shall be abated from property taxes for 10 years. The abatement shall not apply to any special assessments that are levied against the property. For the year ended December 31, 2024, the City abated property taxes totaling \$20,280.

The City participates in a 20-year tax abatement program with Orchard View Properties, LLC under Minnesota Statutes, Sections 469.1812 through 469.1815. Under these statutes, the City is able to grant tax abatements for development purposes including general economic development, such as increasing the property tax base or the number of jobs in the area. The assessed value attributable to the property identification numbers 103-054-001010 and 103-054-001070 from property taxes for 20 years in an amount not to exceed \$280,000. The abatement shall not apply to any special assessments that are levied against the property. For the year ended December 31, 2024, the City abated property taxes totaling \$-0-.

No other commitments were made by the City as part of these agreements.

NOTE 15 COMMITMENTS AND CONTINGENCIES

A. Federal and State Funds

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. Management is not aware of any disallowed claims at this time.

During 2010, the City received federal funding for an airport project. As part of that grant agreement the City is required to operate the airport as a licensed, municipally-owned public airport at all times of the year for a period of 20 years.

B. Electric Power Purchase Agreement

The City has entered into a contract with Minnesota Municipal Power Agency (MMPA) for the purchase of electric power and energy. The rates vary depending on numerous factors as outlined in the contract. The contract became effective January 1, 2006 and remains in effect through December 31, 2060. If not then terminated by five years written notice by either party, the contract continues in full force until so terminated.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 15 COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. Construction Commitments

The City entered into construction contracts for various construction projects started during the year. The following contracts had been entered into and were at various stages of completion at December 31, 2024:

Project	Contract Cost	Estimated Project Costs Incurred to Date*	Remaining Committed
Fiber Buildout - Phase 1	\$ 2,441,153	\$ 938,840	\$ 1,502,313
Fiber Buildout - Phase 2	611,637	14,885	596,752
TH 25 S Reconciliation	12,231,621	12,190,534	41,087
Advanced Metering Infrastructure (AMI)	2,776,692	1,261,408	1,515,284
Total	<u>\$ 18,061,103</u>	<u>\$ 14,405,667</u>	<u>\$ 3,655,436</u>

* Includes Contracts Payable Amount

NOTE 16 SUBSEQUENT EVENTS

On April 21, 2025, the City authorized issuance of \$6,385,000 in General Obligation Temporary Tax Abatement Bonds, Series 2025A. The Bonds are dated May 15, 2025. The Bonds were issued finance an expansion of the City's municipal fiber system within the City. The bonds carry an interest rate of 3.75% and mature in 2028.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BUFFALO, MINNESOTA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (CONTINUED)
LAST TEN MEASUREMENT PERIODS**

Measurement Date						
June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
0.0729%	0.0731%	0.0648%	0.0640%	0.0652%	0.0620%	0.0651%
\$ 3,113,157	\$ 4,382,680	\$ 3,582,647	\$ 3,550,459	\$ 4,162,325	\$ 5,034,092	\$ 3,373,820
95,163	135,228	111,328	116,463	52,338	65,737	-
<u>\$ 3,208,320</u>	<u>\$ 4,517,908</u>	<u>\$ 3,693,975</u>	<u>\$ 3,666,922</u>	<u>\$ 4,214,663</u>	<u>\$ 5,099,829</u>	<u>\$ 3,373,820</u>
\$ 5,250,464	\$ 5,203,754	\$ 4,582,991	\$ 4,305,175	\$ 4,195,877	\$ 3,841,975	\$ 3,794,647
59%	84%	78%	82%	99%	131%	89%
87.00%	79.06%	80.20%	79.50%	75.90%	68.90%	78.75%
Measurement Date						
June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
0.1193%	0.1122%	0.1115%	0.1066%	0.1060%	0.1030%	0.1080%
\$ 920,870	\$ 1,478,916	\$ 1,187,029	\$ 1,136,246	\$ 1,431,126	\$ 4,133,569	\$ 1,227,133
41,379	34,858	-	-	-	-	-
<u>\$ 962,249</u>	<u>\$ 1,513,774</u>	<u>\$ 1,187,029</u>	<u>\$ 1,136,246</u>	<u>\$ 1,431,126</u>	<u>\$ 4,133,569</u>	<u>\$ 1,227,133</u>
\$ 1,409,680	\$ 1,265,831	\$ 1,175,987	\$ 1,123,750	\$ 1,089,355	\$ 996,175	\$ 1,002,211
65%	117%	101%	101%	131%	415%	122%
93.70%	87.19%	89.30%	88.80%	85.40%	63.90%	78.75%

The Notes to Required Supplementary Information are an Integral Part of this Schedule.

CITY OF BUFFALO, MINNESOTA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET
FIREFIIGHTERS RELIEF ASSOCIATION PLAN
LAST TEN MEASUREMENT PERIODS

	Measurement Date		
	2023	2022	2021
<u>Total Pension Liability</u>			
Service Cost	\$ 78,997	\$ 85,399	\$ 76,906
Interest	81,560	83,725	74,799
Changes in Experience	-	(87,427)	-
Changes in Assumptions	-	10,283	-
Changes of Benefit Terms	108,130	48,730	117,672
Benefit Payments, Including Member Refunds	(169,000)	-	(179,880)
NET CHANGE IN TOTAL PENSION LIABILITY	99,687	140,710	89,497
Total Pension Liability - Beginning of Year	1,817,948	1,677,238	1,587,741
TOTAL PENSION LIABILITY - END OF YEAR (a)	1,917,635	1,817,948	1,677,238
<u>Plan Fiduciary Net Position</u>			
Municipal Contributions	2,500	2,500	2,500
State Contributions	167,051	147,052	140,676
Net Investment Income (Loss)	250,572	(327,175)	240,500
Benefit Payments	(169,000)	-	(179,880)
Administrative Expenses	(2,850)	(2,835)	(3,164)
Other Changes	-	-	-
NET CHANGE IN FIDUCIARY NET POSITION	248,273	(180,458)	200,632
Fiduciary Net Position - Beginning of Year	2,259,220	2,439,678	2,239,046
FIDUCIARY NET POSITION - END OF YEAR (b)	2,507,493	2,259,220	2,439,678
ASSOCIATION'S NET PENSION LIABILITY/ (ASSET) - END OF YEAR (a) - (b)	<u>\$ (589,858)</u>	<u>\$ (441,272)</u>	<u>\$ (762,440)</u>
Fiduciary Net Position as a Percentage of the Total Net Pension Asset	130.76%	124.27%	145.46%
Covered-Employee Payroll	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A

* Additional information will be added as it becomes available.

The Notes to Required Supplementary Information are an Integral Part of this Schedule.

CITY OF BUFFALO, MINNESOTA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET
FIREFIIGHTERS RELIEF ASSOCIATION PLAN (CONTINUED)
LAST TEN MEASUREMENT PERIODS

Measurement Date					
December 31,					
2020	2019	2018	2017	2016	2015
\$ 75,436	\$ 73,596	\$ 65,652	\$ 73,848	\$ 82,609	\$ 76,388
79,816	81,595	83,406	80,258	71,998	70,260
(12,538)	-	(34,654)	(50,068)	-	-
30,069	-	36,728	(881)	(28,618)	-
52,860	-	113,172	-	-	-
(165,556)	(216,281)	-	(85,000)	(216,977)	(22,551)
60,087	(61,090)	264,304	18,157	(90,988)	124,097
1,527,654	1,588,744	1,324,440	1,306,283	1,397,271	1,273,174
1,587,741	1,527,654	1,588,744	1,324,440	1,306,283	1,397,271
2,500	10,715	11,095	9,884	2,500	2,500
133,061	126,268	119,581	117,197	119,295	114,407
197,915	311,072	(116,981)	237,287	121,906	(69,541)
(165,556)	(216,281)	-	(85,000)	(216,977)	(22,551)
(2,740)	(11,283)	(11,323)	(10,141)	(11,374)	(4,990)
11	-	-	1,481	8,534	2,232
165,191	220,491	2,372	270,708	23,884	22,057
2,073,855	1,853,364	1,850,992	1,580,284	1,556,400	1,534,343
2,239,046	2,073,855	1,853,364	1,850,992	1,580,284	1,556,400
<u>\$ (651,305)</u>	<u>\$ (546,201)</u>	<u>\$ (264,620)</u>	<u>\$ (526,552)</u>	<u>\$ (274,001)</u>	<u>\$ (159,129)</u>
141.02%	135.75%	116.66%	139.76%	120.98%	111.39%
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

The Notes to Required Supplementary Information are an Integral Part of this Schedule.

**CITY OF BUFFALO, MINNESOTA
SCHEDULE OF CITY PENSION CONTRIBUTIONS
LAST TEN YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
GENERAL EMPLOYEES RETIREMENT PLAN			
Contractually Required Contribution	\$ 518,690	\$ 474,082	\$ 442,199
Contributions in Relation to the Contractually Required Contribution	(518,690)	(474,082)	(442,199)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 6,915,867	\$ 6,321,093	\$ 5,895,987
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%
PUBLIC EMPLOYEES POLICE AND FIRE PLAN			
Contractually Required Contribution	\$ 341,545	\$ 312,972	\$ 270,497
Contributions in Relation to the Contractually Required Contribution	(341,545)	(312,972)	(270,497)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,929,633	\$ 1,768,203	\$ 1,528,232
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	17.70%
FIRE RELIEF ASSOCIATION PLAN			
Statutorily Required Contribution	\$ -	\$ -	\$ -
Contributions in Relation to the Statutorily Required Contribution	-	-	-
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Notes to Required Supplementary Information are an Integral Part of this Schedule.

**CITY OF BUFFALO, MINNESOTA
SCHEDULE OF CITY PENSION CONTRIBUTIONS (CONTINUED)
LAST TEN YEARS**

2021	2020	2019	2018	2017	2016	2015
\$ 396,598	\$ 404,207	\$ 374,706	\$ 328,752	\$ 320,722	\$ 300,006	\$ 284,732
(396,598)	(404,207)	(374,706)	(328,752)	(320,722)	(300,006)	(284,732)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,287,965	\$ 5,389,427	\$ 4,995,075	\$ 4,382,887	\$ 4,276,293	\$ 4,000,083	\$ 3,794,647
7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
\$ 264,477	\$ 246,464	\$ 205,864	\$ 183,432	\$ 181,013	\$ 168,059	\$ 162,358
(264,477)	(246,464)	(205,864)	(183,432)	(181,013)	(168,059)	(162,358)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,494,221	\$ 1,392,458	\$ 1,214,536	\$ 1,132,298	\$ 1,117,364	\$ 1,037,404	\$ 1,002,211
17.70%	17.70%	16.95%	16.20%	16.20%	16.20%	16.20%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Notes to Required Supplementary Information are an Integral Part of this Schedule.

**CITY OF BUFFALO, MINNESOTA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB
LIABILITY AND RELATED RATIOS**

	Measurement Date January 1, 2024	Measurement Date January 1, 2023	Measurement Date January 1, 2022	Measurement Date January 1, 2021	Measurement Date January 1, 2020	Measurement Date January 1, 2019	Measurement Date January 1, 2018
Total OPEB Liability							
Service Cost	\$ 40,191	\$ 31,554	\$ 42,616	\$ 55,361	\$ 53,618	\$ 46,525	\$ 48,843
Interest Cost	60,910	25,718	19,871	18,807	22,374	17,926	15,962
Changes of Assumptions	74,818	(169,879)	89,758	-	13,223	(17,459)	-
Differences between Expected and Actual Experience	24,560	427,731	514,827	-	(15,572)	-	-
Benefit Payments	(92,681)	(81,644)	(29,224)	(20,275)	(11,113)	(5,969)	-
Net Change in Total OPEB Liability	107,798	233,480	637,848	53,893	62,530	41,023	64,805
Total OPEB Liability - Beginning	1,528,437	1,294,957	657,109	603,216	540,686	499,663	434,858
Total OPEB Liability - Ending (a)	<u>\$ 1,636,235</u>	<u>\$ 1,528,437</u>	<u>\$ 1,294,957</u>	<u>\$ 657,109</u>	<u>\$ 603,216</u>	<u>\$ 540,686</u>	<u>\$ 499,663</u>
Covered-Employee Payroll	\$ 7,727,701	\$ 7,103,934	\$ 6,973,877	\$ 6,019,256	\$ 5,829,788	\$ 5,149,933	\$ 4,999,935
City's OPEB Liability as a Percentage of Covered Payroll	21.17%	21.52%	18.57%	10.92%	10.35%	10.50%	9.99%

Note 1: The City implemented GASB Statement No. 75 in fiscal year 2018, and the above table will be expanded to ten years of information as the information becomes available.

Note 2: No assets are accumulated in a trust and there are no required contributions.

CITY OF BUFFALO, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2024

	2024			
	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Taxes:				
General Property Taxes	\$ 7,317,054	\$ 7,317,054	\$ 7,339,919	\$ 22,865
Other Taxes	3,090	3,090	2,949	(141)
Total Taxes	<u>7,320,144</u>	<u>7,320,144</u>	<u>7,342,868</u>	<u>22,724</u>
Licenses and Permits	560,250	560,250	600,020	39,770
Intergovernmental:				
Federal:				
Federal Grants	15,000	15,000	10,176	(4,824)
State:				
Local Government Aid	1,427,000	1,427,000	1,427,128	128
PERA Indirect Aid	-	-	23,704	23,704
State Police Aid	185,000	185,000	218,605	33,605
State Highway Aid	250,000	250,000	262,324	12,324
Other	226,000	226,000	31,602	(194,398)
County/Regional:				
Other	-	-	798	798
Total Intergovernmental	<u>2,103,000</u>	<u>2,103,000</u>	<u>1,974,337</u>	<u>(128,663)</u>
Special Assessments	5,000	5,000	7,210	2,210
Charges for Services:				
General Government	169,200	169,200	205,932	36,732
Public Safety	56,800	56,800	69,151	12,351
Culture and Recreation	88,750	88,750	119,471	30,721
Sanitation	1,231,000	1,231,000	1,409,576	178,576
Storm Sewer	471,000	471,000	443,889	(27,111)
Total Charges for Services	<u>2,016,750</u>	<u>2,016,750</u>	<u>2,248,019</u>	<u>231,269</u>
Fines and Forfeits	50,000	50,000	41,427	(8,573)
Investment Earnings	40,000	40,000	209,952	169,952
Refunds/Reimbursements	61,800	61,800	301,466	239,666
Contributions and Donations	46,000	46,000	50,095	4,095
Miscellaneous	16,000	16,000	24,575	8,575
Total Revenues	<u>12,218,944</u>	<u>12,218,944</u>	<u>12,799,969</u>	<u>581,025</u>

The Notes to Required Supplementary Information are an Integral Part of this Schedule.

**CITY OF BUFFALO, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET TO ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	2024			
	Original Budget	Final Budget	Actual	Variance from Final Budget
EXPENDITURES				
General Government:				
Mayor and Council:				
Current:				
Personal Services	\$ 98,087	\$ 98,087	\$ 67,713	\$ 30,374
Financial Administration:				
Current:				
Personal Services	446,106	446,106	339,827	106,279
Other Expenses:				
Audit / Accounting	19,000	19,000	24,184	(5,184)
Insurance	16,000	16,000	23,728	(7,728)
Planning and Zoning	388,241	388,241	347,160	41,081
Assessor	108,000	108,000	113,025	(5,025)
Legal Services	250	250	945	(695)
City Clerk	170,487	170,487	183,685	(13,198)
Professional Services	30,000	30,000	15,290	14,710
Elections	94,655	94,655	61,553	33,102
Other Expense	472,768	472,768	324,402	148,366
Capital Outlay	250,000	250,000	127,751	122,249
Finance Purchase Obligations:				
Principal	-	-	5,185	(5,185)
Interest	-	-	493	(493)
Total Financial Administration	<u>1,995,507</u>	<u>1,995,507</u>	<u>1,567,228</u>	<u>428,279</u>
Engineering:				
Current:				
Personal Services	83,601	83,601	56,786	26,815
Other Services and Charges	191,705	191,705	165,424	26,281
Capital Outlay	50,000	50,000	-	50,000
Total Engineering	<u>325,306</u>	<u>325,306</u>	<u>222,210</u>	<u>103,096</u>
Total General Government	<u>2,418,900</u>	<u>2,418,900</u>	<u>1,857,151</u>	<u>561,749</u>

The Notes to Required Supplementary Information are an Integral Part of this Schedule.

**CITY OF BUFFALO, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET TO ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	2024			
	Original Budget	Final Budget	Actual	Variance from Final Budget
EXPENDITURES (CONTINUED)				
Public Safety:				
Police Protection:				
Current:				
Personal Services	\$ 3,106,397	\$ 3,106,397	\$ 2,950,518	\$ 155,879
Training	16,500	16,500	14,011	2,489
Legal Fees	78,000	78,000	68,785	9,215
Other Services and Charges	487,225	487,225	474,046	13,179
Capital Outlay	317,000	317,000	102,550	214,450
Finance Purchase Obligations:				
Principal	80,449	80,449	82,334	(1,885)
Interest	14,390	14,390	15,438	(1,048)
Total Police	<u>4,099,961</u>	<u>4,099,961</u>	<u>3,707,682</u>	<u>392,279</u>
Fire Protection:				
Current:	585,000	585,000	579,822	5,178
Finance Purchase Obligations:				
Principal	10,637	10,637	10,976	(339)
Interest	597	597	938	(341)
Total Fire Protection	<u>596,234</u>	<u>596,234</u>	<u>591,736</u>	<u>4,498</u>
Civil Defense	1,600	1,600	3,271	(1,671)
Building Inspections	299,500	299,500	289,391	10,109
Total Public Safety	<u>4,997,295</u>	<u>4,997,295</u>	<u>4,592,080</u>	<u>405,215</u>
Public Works:				
Street Department:				
Current:				
Personal Services	-	-	12,256	(12,256)
Street Maintenance	1,195,568	1,195,568	942,403	253,165
Storm Sewer Maintenance	67,800	67,800	92,232	(24,432)
Snow and Ice Removal	205,758	205,758	87,397	118,361
Other	693,138	693,138	597,524	95,614
Capital Outlay	-	-	14,516	(14,516)
Finance Purchase Obligations:				
Principal	96,221	96,221	81,171	15,050
Interest	72,798	72,798	82,468	(9,670)
Total Public Works	<u>2,331,283</u>	<u>2,331,283</u>	<u>1,909,967</u>	<u>421,316</u>
Sanitation:				
Current	1,204,850	1,204,850	1,186,032	18,818

The Notes to Required Supplementary Information are an Integral Part of this Schedule.

**CITY OF BUFFALO, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET TO ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	2024			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Culture and Recreation:				
Parks:				
Current:				
Personal Services	\$ 1,046,620	\$ 1,046,620	\$ 1,012,367	\$ 34,253
Supply and Maintenance	484,300	484,300	609,146	(124,846)
School District #877 Joint Programs	50,000	50,000	-	50,000
Miscellaneous	86,400	86,400	90,967	(4,567)
Finance Purchase Obligations:				
Principal	98,199	98,199	112,146	(13,947)
Interest	1,579	1,579	9,296	(7,717)
Capital Outlay	-	-	618,201	(618,201)
Total Parks Department	<u>1,767,098</u>	<u>1,767,098</u>	<u>2,452,123</u>	<u>(685,025)</u>
Community Center:				
Current:				
Personal Services	261,318	261,318	278,080	(16,762)
Maintenance and Repair	15,000	15,000	36,616	(21,616)
Utilities	19,500	19,500	14,955	4,545
Miscellaneous	97,700	97,700	121,941	(24,241)
Capital Outlay	66,000	66,000	-	66,000
Total Community Center	<u>459,518</u>	<u>459,518</u>	<u>451,592</u>	<u>7,926</u>
Total Culture and Recreation	<u>2,226,616</u>	<u>2,226,616</u>	<u>2,903,715</u>	<u>(677,099)</u>
Total Expenditures	<u>13,178,944</u>	<u>13,178,944</u>	<u>12,448,945</u>	<u>729,999</u>
REVENUES OVER (UNDER)				
EXPENDITURES	(960,000)	(960,000)	351,024	1,311,024
OTHER FINANCING SOURCES (USES)				
Transfer In	1,150,000	1,150,000	1,150,000	-
Transfer Out	(190,000)	(190,000)	(326,504)	(136,504)
Proceeds from Sale of Capital Assets	-	-	7,888	7,888
Total Other Financing Sources (Uses)	<u>960,000</u>	<u>960,000</u>	<u>831,384</u>	<u>(128,616)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>1,182,408</u>	<u>\$ 1,182,408</u>
Fund Balance - Beginning of Year			<u>6,664,552</u>	
FUND BALANCE - END OF YEAR			<u>\$ 7,846,960</u>	

The Notes to Required Supplementary Information are an Integral Part of this Schedule.

CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

NOTE 1 BASIS OF ACCOUNTING

The General Fund budgetary comparison schedule is prepared on a budgetary basis of accounting. See Note 3 of the Notes to Required Supplementary Information for a reconciliation of the General Fund Budgetary Comparison Schedule to the Statement of Revenues, Expenditures, and Changes in Fund Balances.

NOTE 2 BUDGETARY INFORMATION

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

1. Prior to September 1, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in the Council chambers at City Hall to obtain taxpayer comments, and the final budget is adopted and the tax levy certified.
3. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Reported budget amounts are final, as amended by the City Council in 2024.
4. The City has legally adopted budgets for the general fund, certain special revenue funds, and some enterprise funds. Formal budgetary integration is not employed for the capital projects and debt service funds. Expenditures may not legally exceed budgeted appropriations at the total department level for the General Fund and fund level in all other funds. Monitoring of budgets is maintained at the expenditure category level (i.e., personal services, supplies, capital outlay, etc.) within each program. All amounts over budget have been approved by the City Council through the disbursement process. The City is not legally required to adopt an annual budget for the Capital Projects, Debt Service funds, or HRA of Buffalo fund.
5. Budgeted amounts are as originally adopted, or as amended by the City Council. All annual appropriations lapse at fiscal year-end.

CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

A. General Employees Fund

2024

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2023

Changes in Actuarial Assumptions

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

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% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. General Employees Fund (Continued)

2021

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. General Employees Fund (Continued)

2020 (Continued)

Changes in Plan Provisions

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

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. General Employees Fund (Continued)

2017

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA load are now 0.0% for active member liability, 15% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

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

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.5% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the state's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

B. Police and Fire Fund
2024

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

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

2023

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.00% 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 in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.40%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

B. Police and Fire Fund (Continued)

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

B. Police and Fire Fund (Continued)
2018

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.0% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.8% to 11.3% of pay, effective January 1, 2019 and 11.8% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.2% to 16.95% of pay, effective January 1, 2019 and 17.7% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, 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 in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30% for vested and nonvested, deferred members. The CSA has been changed to 33% for vested members and 2.0% for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

B. Police and Fire Fund (Continued)

2017 (Continued)

Changes in Actuarial Assumptions (Continued)

- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.0% for all years to 1.0% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%.
- The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.5% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

Changes in Plan Provisions

- The postretirement benefit increase to be paid after the attainment of the 90% funding threshold was changed from inflation up to 2.5%, to a fixed rate of 2.5%.

CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024

NOTE 4 CHANGES IN SIGNIFICANT OTHER POSTEMPLOYMENT BENEFIT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

2024

Changes in Actuarial Assumptions

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The discount rate was changed from 4.00% to 3.70%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2023

Changes in Actuarial Assumptions

- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2022

Changes in Actuarial Assumptions

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the Pub-2010 public retirement plans headcount-weighted mortality tables (general, safety) with MP-2019 generations improvement scale to the Pub-2010 public retirement plans headcount-weighted mortality tables (general, safety) with MP-2021 generations improvement scale.
- The salary increase rates were updated to reflect the latest experience study.
- The retirement and withdrawal rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 2.90% to 2.00%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021

Changes in Actuarial Assumptions

- The expected investment return and discount rate decrease from 5.25% to 4.75% to reflect updated capital market assumptions.
- The mortality assumptions were updated from the rates used in the July 1, 2018 Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2020 Minnesota PERA Police and Fire Plan actuarial valuation.
- The inflation assumption decrease from 2.50% to 2.25%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024**

NOTE 4 CHANGES IN SIGNIFICANT OTHER POSTEMPLOYMENT BENEFIT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020

Changes in Actuarial Assumptions

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 mortality tables (blue collar for public safety, white collar for others) with MP-2017 generational improvement scale to the Pub-2010 public retirement plans headcount-weighted mortality tables (general, safety) with MP-2019 generations improvement scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and employee classification.
- The discount rate was changed from 3.80% to 2.90%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019

Changes in Actuarial Assumptions

- The discount rate was changed from 3.30% to 3.80%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL NONMAJOR
GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**CITY OF BUFFALO, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2024**

	2024		
	Fire Fund	Library Fund	Civic Center Fund
ASSETS			
Cash and Investments	\$ 495,072	\$ 28,864	\$ 200
Taxes Receivable:			
Current	-	638	929
Delinquent	-	758	-
Accounts Receivable	-	-	134,206
Due from Other Governments	-	-	36,769
Accrued Interest Receivable	4	-	2,751
Lease Receivable	20,599	-	296,234
Inventory	-	-	-
Prepaid Items	22,981	-	5,131
Loans Receivable, Net of Allowance	-	-	-
Land Held for Resale	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 538,656</u>	<u>\$ 30,260</u>	<u>\$ 476,220</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE (DEFICIT)			
LIABILITIES			
Accounts and Contracts Payable	\$ 34,816	\$ 3,666	\$ 56,340
Other Accrued Liabilities	46,307	208	8,414
Advance From Other Funds	-	-	2,168,310
Due to Other Funds	-	-	-
Due to Other Governments	510	1,596	-
Unearned Revenue	-	-	6,353
Escrow Deposits	-	-	6,500
Total Liabilities	<u>81,633</u>	<u>5,470</u>	<u>2,245,917</u>
DEFERRED INFLOW OF RESOURCES			
Unavailable Taxes	-	758	-
Unavailable State Aid	-	-	-
Unavailable Lease Related	19,882	-	318,367
Unavailable Loans Receivables	-	-	-
Total Deferred Inflow of Resources	<u>19,882</u>	<u>758</u>	<u>318,367</u>
FUND BALANCES (DEFICIT)			
Nonspendable	22,981	-	5,131
Restricted	-	-	-
Committed	414,160	24,032	-
Unassigned	-	-	(2,093,195)
Total Fund Balances (Deficit)	<u>437,141</u>	<u>24,032</u>	<u>(2,088,064)</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficit)	<u>\$ 538,656</u>	<u>\$ 30,260</u>	<u>\$ 476,220</u>

**CITY OF BUFFALO, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2024**

2024			
The HRA of Buffalo Fund	Airport Fund	Fiber Fund	2024 Total
\$ 370,273	\$ 352,968	\$ -	\$ 1,247,377
3,028	-	-	4,595
3,480	-	-	4,238
-	1,345	65,203	200,754
-	104,982	-	141,751
382	2,431	-	5,568
-	300,867	-	617,700
-	14,180	-	14,180
-	-	369,744	397,856
400,475	-	-	400,475
214,400	-	-	214,400
<u>\$ 992,038</u>	<u>\$ 776,773</u>	<u>\$ 434,947</u>	<u>\$ 3,248,894</u>
\$ 142	\$ 4,631	\$ 11,544	\$ 111,139
-	1,497	11,958	68,384
-	-	-	2,168,310
-	-	904,714	904,714
-	-	-	2,106
-	1,270	-	7,623
3,571	-	-	10,071
3,713	7,398	928,216	3,272,347
3,480	-	-	4,238
-	104,982	-	104,982
-	298,438	-	636,687
400,475	-	-	400,475
403,955	403,420	-	1,146,382
-	14,180	369,744	412,036
180,487	-	-	180,487
410,719	351,775	-	1,200,686
(6,836)	-	(863,013)	(2,963,044)
584,370	365,955	(493,269)	(1,169,835)
<u>\$ 992,038</u>	<u>\$ 776,773</u>	<u>\$ 434,947</u>	<u>\$ 3,248,894</u>

**CITY OF BUFFALO, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2024**

	2024		
	Fire Fund	Library Fund	Civic Center Fund
REVENUE			
General Property Taxes	\$ -	\$ 83,473	\$ 125,498
Tax Increments	-	-	-
Intergovernmental	214,846	-	-
Charges for Services	885,774	-	773,288
Investment Earnings	13,489	1,652	-
Refunds and Reimbursements	7,877	-	750
Contributions and Donations	500	-	58,103
Miscellaneous	202	-	5,124
Total Revenue	<u>1,122,688</u>	<u>85,125</u>	<u>962,763</u>
EXPENDITURES			
Current:			
Public Safety	948,218	-	-
Culture and Recreation	-	175,716	1,000,138
Community Development	-	-	-
Public Works	-	-	-
Capital Outlay:			
Public Safety	173,487	-	-
Culture and Recreation	-	-	174,645
Community Development	-	-	-
Debt Service:			
Principal	78,544	-	-
Interest and Fiscal Charges	2,487	-	-
Total Expenditures	<u>1,202,736</u>	<u>175,716</u>	<u>1,174,783</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(80,048)	(90,591)	(212,020)
OTHER FINANCING SOURCES (USES)			
Transfer In	-	-	100,000
Transfer Out	-	-	-
Issuance of Loans	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>100,000</u>
NET CHANGE IN FUND BALANCE	(80,048)	(90,591)	(112,020)
Fund Balance (Deficit) - Beginning of Year	<u>517,189</u>	<u>114,623</u>	<u>(1,976,044)</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 437,141</u>	<u>\$ 24,032</u>	<u>\$ (2,088,064)</u>

**CITY OF BUFFALO, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

2024			
The HRA of Buffalo Fund	Airport Fund	Fiber Fund	2024 Total
\$ 399,021	\$ -	\$ -	\$ 607,992
211,190	-	-	211,190
301,182	26,435	-	542,463
31,871	369,521	334,271	2,394,725
7,998	7,160	-	30,299
2,000	-	21,778	32,405
-	-	-	58,603
9,478	6,099	-	20,903
<u>962,740</u>	<u>409,215</u>	<u>356,049</u>	<u>3,898,580</u>
-	-	-	948,218
-	391,471	-	1,567,325
514,749	-	-	514,749
-	-	849,318	849,318
-	-	-	173,487
-	57,724	-	232,369
1,941,311	-	-	1,941,311
40,233	-	-	118,777
52,488	-	-	54,975
<u>2,548,781</u>	<u>449,195</u>	<u>849,318</u>	<u>6,400,529</u>
(1,586,041)	(39,980)	(493,269)	(2,501,949)
-	50,000	-	150,000
(133,575)	-	-	(133,575)
1,660,000	-	-	1,660,000
<u>1,526,425</u>	<u>50,000</u>	<u>-</u>	<u>1,676,425</u>
(59,616)	10,020	(493,269)	(825,524)
<u>643,986</u>	<u>355,935</u>	<u>-</u>	<u>(344,311)</u>
<u>\$ 584,370</u>	<u>\$ 365,955</u>	<u>\$ (493,269)</u>	<u>\$ (1,169,835)</u>

**CITY OF BUFFALO, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET TO ACTUAL
FIRE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2024**

	2024			
	Original Budget	Final Budget	Actual	Variance with Budget
REVENUES				
Fire Contracts and Charges	\$ 886,078	\$ 886,078	\$ 885,774	\$ (304)
Intergovernmental:				
State Aid and Grants	174,000	174,000	214,846	40,846
Contributions and Donations	-	-	500	500
Investment Earnings	1,000	1,000	13,489	12,489
Refunds and Reimbursements	-	-	7,877	7,877
Miscellaneous	-	-	202	202
Total Revenues	<u>1,061,078</u>	<u>1,061,078</u>	<u>1,122,688</u>	<u>61,610</u>
EXPENDITURES				
Public Safety:				
Fire Relief	150,000	150,000	194,359	(44,359)
Wages and Benefits	338,214	338,214	366,799	(28,585)
Truck Expense	12,000	12,000	5,300	6,700
Supplies	85,000	85,000	89,720	(4,720)
Repairs and Maintenance	95,000	95,000	116,431	(21,431)
Radio and Telephone	28,500	28,500	26,835	1,665
Utilities	65,000	65,000	46,641	18,359
Insurance	32,000	32,000	18,843	13,157
Training	18,000	18,000	31,182	(13,182)
Other	72,000	72,000	52,108	19,892
Capital Outlay	180,000	180,000	173,487	6,513
Debt Service:				
Principal	80,908	80,908	78,544	2,364
Interest	1,456	1,456	2,487	(1,031)
Total Expenditures	<u>1,158,078</u>	<u>1,158,078</u>	<u>1,202,736</u>	<u>(44,658)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (97,000)</u>	<u>\$ (97,000)</u>	(80,048)	<u>\$ 16,952</u>
Fund Balance - Beginning of Year			<u>517,189</u>	
FUND BALANCE - END OF YEAR			<u>\$ 437,141</u>	

**CITY OF BUFFALO, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET TO ACTUAL
LIBRARY SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2024**

	2024			
	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
General Property Taxes	\$ 82,921	\$ 82,921	\$ 83,473	\$ 552
Intergovernmental	25,000	25,000	-	(25,000)
Investment Earnings	300	300	1,652	1,352
Total Revenues	<u>108,221</u>	<u>108,221</u>	<u>85,125</u>	<u>(23,096)</u>
EXPENDITURES				
Culture and Recreation:				
Wages and Benefits	12,462	12,462	5,309	7,153
Supplies and Maintenance	47,500	47,500	128,009	(80,509)
Insurance	2,512	2,512	6,056	(3,544)
Telephone	1,300	1,300	1,999	(699)
Utilities	28,000	28,000	23,256	4,744
Other	12,550	12,550	11,087	1,463
Total Expenditures	<u>104,324</u>	<u>104,324</u>	<u>175,716</u>	<u>(71,392)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,897</u>	<u>\$ 3,897</u>	(90,591)	<u>\$ (94,488)</u>
Fund Balance - Beginning of Year			<u>114,623</u>	
FUND BALANCE - END OF YEAR			<u>\$ 24,032</u>	

CITY OF BUFFALO, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET TO ACTUAL
CIVIC CENTER SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2024

	2024			
	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
General Property Taxes	\$ 125,000	\$ 125,000	\$ 125,498	\$ 498
Charges for Services:				
Ice Time	570,000	570,000	638,353	68,353
Building Rent	30,000	30,000	45,063	15,063
Lease Payment	43,000	43,000	79,942	36,942
Gate Receipts and Concessions	9,000	9,000	9,930	930
Other	25,000	25,000	-	(25,000)
Contributions and Donations	50,000	50,000	58,103	8,103
Refunds and Reimbursements	-	-	750	750
Miscellaneous	500	500	5,124	4,624
Total Revenues	<u>852,500</u>	<u>852,500</u>	<u>962,763</u>	<u>110,263</u>
EXPENDITURES				
Culture and Recreation:				
Wages and Benefits	417,287	417,287	422,170	(4,883)
Maintenance and Repair	120,000	120,000	162,024	(42,024)
Utilities	250,000	250,000	267,008	(17,008)
Other	127,000	127,000	128,465	(1,465)
Insurance	22,000	22,000	20,471	1,529
Capital Outlay	463,000	463,000	174,645	288,355
Total Expenditures	<u>1,399,287</u>	<u>1,399,287</u>	<u>1,174,783</u>	<u>224,504</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(546,787)	(546,787)	(212,020)	334,767
OTHER FINANCING SOURCES				
Transfer In	100,000	100,000	100,000	-
Issuance of Bonds	175,000	175,000	-	(175,000)
Total Other Financing Sources	<u>275,000</u>	<u>275,000</u>	<u>100,000</u>	<u>(175,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (271,787)</u>	<u>\$ (271,787)</u>	(112,020)	<u>\$ 159,767</u>
Fund Deficit - Beginning of Year			<u>(1,976,044)</u>	
FUND DEFICIT - END OF YEAR			<u>\$ (2,088,064)</u>	

**CITY OF BUFFALO, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET TO ACTUAL
AIRPORT SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2024**

	2024			
	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Intergovernmental:				
Federal Grants	\$ 22,500	\$ 22,500	\$ 14,706	\$ (7,794)
State Aid and Grants	107,206	107,206	11,729	(95,477)
Total Intergovernmental	<u>129,706</u>	<u>129,706</u>	<u>26,435</u>	<u>(103,271)</u>
Charges for Services	359,869	359,869	369,521	9,652
Investment Earnings	250	250	7,160	6,910
Miscellaneous	1,680	1,680	6,099	4,419
Total Revenues	<u>491,505</u>	<u>491,505</u>	<u>409,215</u>	<u>(82,290)</u>
EXPENDITURES				
Culture and Recreation:				
Wages and Benefits	80,062	80,062	69,640	10,422
Other	328,500	328,500	321,831	6,669
Capital Outlay	169,000	169,000	57,724	111,276
Total Expenditures	<u>577,562</u>	<u>577,562</u>	<u>449,195</u>	<u>128,367</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(86,057)	(86,057)	(39,980)	46,077
OTHER FINANCING SOURCES (USES)				
Transfer In	50,000	50,000	50,000	-
NET CHANGE IN FUND BALANCE	<u>\$ (36,057)</u>	<u>\$ (36,057)</u>	10,020	<u>\$ 46,077</u>
Fund Balance - Beginning of Year			<u>355,935</u>	
FUND BALANCE - END OF YEAR			<u>\$ 365,955</u>	

**CITY OF BUFFALO, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET TO ACTUAL
FIBER SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2024**

	2024			
	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Intergovernmental:				
Federal Grants	\$ 150,000	\$ 150,000	\$ -	\$ (150,000)
Charges for Services	304,700	304,700	334,271	29,571
Refunds and Reimbursement	-	-	21,778	21,778
Total Revenues	<u>454,700</u>	<u>454,700</u>	<u>356,049</u>	<u>(98,651)</u>
EXPENDITURES				
Public Works:				
Wages and Benefits	499,299	499,299	435,681	63,618
Other	621,150	621,150	413,637	207,513
Capital Outlay	3,540,000	3,540,000	-	3,540,000
Debt Service:				
Interest	87,052	87,052	-	87,052
Total Expenditures	<u>4,747,501</u>	<u>4,747,501</u>	<u>849,318</u>	<u>3,898,183</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,292,801)	(4,292,801)	(493,269)	3,799,532
OTHER FINANCING SOURCES (USES)				
Issuance of Bonds	75,000	75,000	-	(75,000)
NET CHANGE IN FUND BALANCE	<u>\$ (4,217,801)</u>	<u>\$ (4,217,801)</u>	(493,269)	<u>\$ 3,724,532</u>
Fund Balance - Beginning of Year			-	
FUND BALANCE - END OF YEAR			<u>\$ (493,269)</u>	

OTHER COMBINING SCHEDULES

**CITY OF BUFFALO, MINNESOTA
 COMBINING BALANCE SHEET
 DEBT SERVICE FUND – BY BOND ISSUE
 DECEMBER 31, 2024**

	2024		
	G.O. Bonds, Series 2020A	G.O. Bonds, Series 2013A	G.O. Tax Abatement Bonds, Series 2016A
ASSETS			
Cash and Investments	\$ 489,582	\$ -	\$ 82,074
Taxes Receivable:			
Current	3,629	-	712
Delinquent	4,919	-	965
Special Assessments Receivable:			
Delinquent	-	3,013	-
Advances to Other Funds	-	-	-
	<u>\$ 498,130</u>	<u>\$ 3,013</u>	<u>\$ 83,751</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)			
LIABILITIES			
Accounts and Contracts Payable	\$ -	\$ -	\$ 475
DEFERRED INFLOWS OF RESOURCES			
Unavailable Taxes	4,919	-	965
Unavailable Special Assessments	-	3,013	-
Total Deferred Inflows of Resources	<u>4,919</u>	<u>3,013</u>	<u>965</u>
FUND BALANCES			
Restricted	<u>493,211</u>	<u>-</u>	<u>82,311</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 498,130</u>	<u>\$ 3,013</u>	<u>\$ 83,751</u>

**CITY OF BUFFALO, MINNESOTA
COMBINING BALANCE SHEET
DEBT SERVICE FUND – BY BOND ISSUE (CONTINUED)
DECEMBER 31, 2024**

2024						
G.O. Water and Sewer Revenue Refunding Bonds, Series 2019A	G.O. Refunding Bonds, Series 2019C	G.O Tax Abatement and Refunding Bonds, Series 2020B	G.O. Bonds, Refunding Series 1996	G.O. Refunding Bonds, Series 2012B	2012C G.O. Refunding Bonds, Series 2022A	G.O. Bonds, Series 2015A
\$ -	\$ 1,042,430	\$ 509,954	\$ -	\$ -	\$ 23,388	\$ 443,864
-	3,629	3,903	-	-	-	1,929
-	-	10,866	-	-	-	2,615
-	-	-	204,446	225,461	-	-
-	-	-	-	-	1,020,000	-
<u>\$ -</u>	<u>\$ 1,046,059</u>	<u>\$ 524,723</u>	<u>\$ 204,446</u>	<u>\$ 225,461</u>	<u>\$ 1,043,388</u>	<u>\$ 448,408</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	10,866	-	-	-	2,615
-	-	-	204,446	225,461	-	-
-	-	10,866	204,446	225,461	-	2,615
-	1,046,059	513,857	-	-	1,043,388	445,793
<u>\$ -</u>	<u>\$ 1,046,059</u>	<u>\$ 524,723</u>	<u>\$ 204,446</u>	<u>\$ 225,461</u>	<u>\$ 1,043,388</u>	<u>\$ 448,408</u>

**CITY OF BUFFALO, MINNESOTA
COMBINING BALANCE SHEET
DEBT SERVICE FUND – BY BOND ISSUE (CONTINUED)
DECEMBER 31, 2024**

	2024		
	G.O. Street Reconstruction Bonds, Series 2016C	2013B G.O. Refunding Bonds, Series 2022A	G.O. Bonds, Series 2002
ASSETS			
Cash and Investments	\$ 205,490	\$ 859	\$ 16
Taxes Receivable:			
Current	1,309	-	-
Delinquent	1,775	-	-
Special Assessments Receivable:			
Delinquent	-	-	58,991
Advances to Other Funds	-	-	-
	<u>\$ 208,574</u>	<u>\$ 859</u>	<u>\$ 59,007</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)			
LIABILITIES			
Accounts and Contracts Payable	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES			
Unavailable Taxes	1,775	-	-
Unavailable Special Assessments	-	-	58,991
Total Deferred Inflows of Resources	<u>1,775</u>	<u>-</u>	<u>58,991</u>
FUND BALANCES			
Restricted	<u>206,799</u>	<u>859</u>	<u>16</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 208,574</u>	<u>\$ 859</u>	<u>\$ 59,007</u>

**CITY OF BUFFALO, MINNESOTA
 COMBINING BALANCE SHEET
 DEBT SERVICE FUND – BY BOND ISSUE (CONTINUED)
 DECEMBER 31, 2024**

2024				
G.O. Bonds, Series 2019B	G.O. Bonds, Series 2005B	G.O. Bonds, Series 2023A	G.O. Tax Abatement and Utility Refunding Bonds, Series 2023B	Total Debt Service Fund
\$ 631,030	\$ -	\$ 5,099	\$ 65,250	\$ 3,499,036
3,491	-	-	-	18,602
4,732	-	-	-	25,872
-	-	-	-	491,911
-	-	-	-	1,020,000
<u>\$ 639,253</u>	<u>\$ -</u>	<u>\$ 5,099</u>	<u>\$ 65,250</u>	<u>\$ 5,055,421</u>
\$ -	\$ -	\$ -	\$ -	\$ 475
4,732	-	-	-	25,872
-	-	-	-	491,911
<u>4,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>517,783</u>
<u>634,521</u>	<u>-</u>	<u>5,099</u>	<u>65,250</u>	<u>4,537,163</u>
<u>\$ 639,253</u>	<u>\$ -</u>	<u>\$ 5,099</u>	<u>\$ 65,250</u>	<u>\$ 5,055,421</u>

**CITY OF BUFFALO, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUND – BY BOND ISSUE
YEAR ENDED DECEMBER 31, 2024**

	2024		
	G.O. Bonds, Series 2020A	G.O. Bonds, Series 2013A	G.O. Tax Abatement Bonds, Series 2016A
REVENUES			
General Property Taxes	\$ 468,687	\$ 4,880	\$ 91,958
Special Assessments	-	904	-
Investment Earnings	4,192	-	1,131
Total Revenues	472,879	5,784	93,089
EXPENDITURES			
Debt Service:			
Bonds:			
Principal	330,000	375,000	65,000
Interest and Fiscal Charges	93,431	7,500	23,138
Total Expenditures	423,431	382,500	88,138
REVENUE OVER (UNDER) EXPENDITURES	49,448	(376,716)	4,951
OTHER FINANCING SOURCES (USES)			
Transfer In	-	-	-
Transfer Out	-	(39,808)	-
Total Other Financing Sources (Uses)	-	(39,808)	-
NET CHANGE IN FUND BALANCES	49,448	(416,524)	4,951
Fund Balances (Deficit) - Beginning of Year	443,763	416,524	77,360
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 493,211	\$ -	\$ 82,311

**CITY OF BUFFALO, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUND – BY BOND ISSUE (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

2024						
G.O. Water and Sewer Revenue Refunding Bonds, Series 2019A	G.O. Refunding Bonds, Series 2019C	G.O Tax Abatement and Refunding Bonds, Series 2020B	G.O. Bonds, Refunding Series 1996	G.O. Refunding Bonds, Series 2012B	2012C G.O. Refunding Bonds, Series 2022A	G.O. Bonds, Series 2015A
\$ -	\$ 463,807	\$ 504,284	\$ -	\$ -	\$ -	\$ 249,175
-	-	-	14,516	41,567	-	-
-	22,091	1,167	-	-	522	6,390
-	485,898	505,451	14,516	41,567	522	255,565
15,928	420,000	875,000	-	-	105,000	270,000
485	70,277	21,725	-	-	28,910	53,943
16,413	490,277	896,725	-	-	133,910	323,943
(16,413)	(4,379)	(391,274)	14,516	41,567	(133,388)	(68,378)
16,413	-	129,097	-	-	28,575	-
-	-	-	(29,204)	(60,024)	-	-
16,413	-	129,097	(29,204)	(60,024)	28,575	-
-	(4,379)	(262,177)	(14,688)	(18,457)	(104,813)	(68,378)
-	1,050,438	776,034	14,688	18,457	1,148,201	514,171
\$ -	\$ 1,046,059	\$ 513,857	\$ -	\$ -	\$ 1,043,388	\$ 445,793

**CITY OF BUFFALO, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUND – BY BOND ISSUE (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	2024		
	G.O. Street Reconstruction Bonds, Series 2016C	2013B G.O. Refunding Bonds, Series 2022A	G.O. Bonds, Series 2002
REVENUES			
General Property Taxes	\$ 169,083	\$ -	\$ -
Special Assessments	-	-	-
Investment Earnings	2,266	(3)	-
Total Revenues	<u>171,349</u>	<u>(3)</u>	<u>-</u>
EXPENDITURES			
Debt Service:			
Bonds:			
Principal	165,000	40,000	-
Interest and Fiscal Charges	37,913	7,130	-
Total Expenditures	<u>202,913</u>	<u>47,130</u>	<u>-</u>
REVENUE OVER (UNDER) EXPENDITURES	(31,564)	(47,133)	-
OTHER FINANCING SOURCES (USES)			
Transfer In	-	47,050	-
Transfer Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>47,050</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(31,564)	(83)	-
Fund Balances (Deficit) - Beginning of Year	238,363	942	16
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 206,799</u>	<u>\$ 859</u>	<u>\$ 16</u>

**CITY OF BUFFALO, MINNESOTA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 DEBT SERVICE FUND – BY BOND ISSUE (CONTINUED)
 YEAR ENDED DECEMBER 31, 2024**

2024

G.O. Bonds, Series 2019B	G.O. Bonds, Series 2005B	G.O. Bonds, Series 2023A	G.O. Tax Abatement and Utility Refunding Bonds, Series 2023B	Internal Eliminations	Total Debt Service Fund
\$ 450,889	\$ -	\$ 62,294	\$ -	\$ -	\$ 2,465,057
-	-	-	-	-	56,987
8,578	-	(108)	(69)	-	46,157
<u>459,467</u>	<u>-</u>	<u>62,186</u>	<u>(69)</u>	<u>-</u>	<u>2,568,201</u>
310,000	-	-	-	-	2,970,928
206,525	-	125,420	87,272	-	763,669
<u>516,525</u>	<u>-</u>	<u>125,420</u>	<u>87,272</u>	<u>-</u>	<u>3,734,597</u>
(57,058)	-	(63,234)	(87,341)	-	(1,166,396)
-	-	-	-	(129,097)	92,038
-	(61)	-	-	129,097	-
<u>-</u>	<u>(61)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,038</u>
(57,058)	(61)	(63,234)	(87,341)	-	(1,074,358)
691,579	61	68,333	152,591	-	5,611,521
<u>\$ 634,521</u>	<u>\$ -</u>	<u>\$ 5,099</u>	<u>\$ 65,250</u>	<u>\$ -</u>	<u>\$ 4,537,163</u>

**CITY OF BUFFALO, MINNESOTA
COMBINING BALANCE SHEET
CAPITAL PROJECT FUND – BY PROJECT
DECEMBER 31, 2024**

	2024			
	Pavement Management	Ice Arena Improvement	Fire Capital Improvements	Park Capital Improvement
ASSETS				
Cash and Investments	\$ 931,872	\$ 787,301	\$ 194,208	\$ 251,029
Taxes Receivable:				
Current	5,825	-	-	-
Special Assessments Receivable:				
Noncurrent	-	-	-	-
Accounts Receivable	-	-	-	-
Due from Other Governments	95,821	-	-	-
Accrued Interest Receivable	-	-	-	-
Prepaid Items	-	-	-	-
	<u>\$ 1,033,518</u>	<u>\$ 787,301</u>	<u>\$ 194,208</u>	<u>\$ 251,029</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts and Contracts Payable	\$ 191,170	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES				
Unavailable Special Assessments	-	-	-	-
Unavailable Grants and Other	95,821	-	-	-
Total Deferred Inflows of Resources	<u>95,821</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	746,527	787,301	-	251,029
Assigned	-	-	194,208	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	<u>746,527</u>	<u>787,301</u>	<u>194,208</u>	<u>251,029</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,033,518</u>	<u>\$ 787,301</u>	<u>\$ 194,208</u>	<u>\$ 251,029</u>

**CITY OF BUFFALO, MINNESOTA
 COMBINING BALANCE SHEET
 CAPITAL PROJECT FUND – BY PROJECT (CONTINUED)
 DECEMBER 31, 2024**

2024						
Capital Equipment	Annual Trail Replacements	TH25 S. Reconstruction	Dague Ave. Roundabout	Dague Ave. & 30th St. NE Reconstruction	Bentfield Renovation	Baker Ave. Improvement
\$ 245	\$ (6,728)	\$ 714,903	\$ 180	\$ (288,605)	\$ -	\$ -
-	-	-	-	-	-	-
-	-	10,074	-	240,000	-	-
-	-	-	-	38,168	-	-
-	-	144,605	-	-	-	-
-	-	11,648	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 245</u>	<u>\$ (6,728)</u>	<u>\$ 881,230</u>	<u>\$ 180</u>	<u>\$ (10,437)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 252,707	\$ -	\$ 90	\$ -	\$ -
-	-	10,074	-	240,000	-	-
-	-	-	-	38,168	-	-
-	-	10,074	-	278,168	-	-
-	-	-	-	-	-	-
-	-	618,449	-	-	-	-
245	-	-	180	-	-	-
-	(6,728)	-	-	(288,695)	-	-
<u>245</u>	<u>(6,728)</u>	<u>618,449</u>	<u>180</u>	<u>(288,695)</u>	<u>-</u>	<u>-</u>
<u>\$ 245</u>	<u>\$ (6,728)</u>	<u>\$ 881,230</u>	<u>\$ 180</u>	<u>\$ (10,437)</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF BUFFALO, MINNESOTA
COMBINING BALANCE SHEET
CAPITAL PROJECT FUND – BY PROJECT (CONTINUED)
DECEMBER 31, 2024**

	2024			
	Fire Training Tower	Public Safety Aid	Fiber Capital Improvements	NE Area Reconstruction
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and Investments	\$ -	\$ 529,070	\$ 1,148,354	\$ (207,199)
Taxes Receivable:				
Current	-	-	-	-
Special Assessments Receivable:				
Noncurrent	-	-	-	-
Accounts Receivable	-	-	-	-
Due from Other Governments	-	-	5,386	-
Accrued Interest Receivable	-	-	-	-
Prepaid Items	-	43,302	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ -</u>	<u>\$ 572,372</u>	<u>\$ 1,153,740</u>	<u>\$ (207,199)</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts and Contracts Payable	\$ -	\$ 517	\$ 69,077	\$ 30,551
DEFERRED INFLOWS OF RESOURCES				
Unavailable Special Assessments	-	-	-	-
Unavailable Grants and Other	-	-	-	-
Total Deferred Inflows of Resources	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	43,302	-	-
Restricted	-	528,553	1,084,663	-
Assigned	-	-	-	-
Unassigned	-	-	-	(237,750)
Total Fund Balances (Deficits)	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ -</u>	<u>\$ 572,372</u>	<u>\$ 1,153,740</u>	<u>\$ (207,199)</u>

**CITY OF BUFFALO, MINNESOTA
COMBINING BALANCE SHEET
CAPITAL PROJECT FUND – BY PROJECT (CONTINUED)
DECEMBER 31, 2024**

2024					
Catlin St Improvements	12th St NE Improvements	Ryan's Way Improvements	TH25 Right Turn Lane Improvements	Community Center Improvements	Total Capital Project Fund
\$ (12,104)	\$ (12,592)	\$ (39,816)	\$ (6,383)	\$ (14,330)	\$ 3,969,405
-	-	-	-	-	5,825
-	-	-	-	-	250,074
-	-	-	-	-	38,168
-	-	-	-	-	245,812
-	-	-	-	-	11,648
-	-	-	-	-	43,302
<u>\$ (12,104)</u>	<u>\$ (12,592)</u>	<u>\$ (39,816)</u>	<u>\$ (6,383)</u>	<u>\$ (14,330)</u>	<u>\$ 4,564,234</u>
\$ 2,243	\$ 4,564	\$ 21,679	\$ -	\$ 28,801	\$ 601,399
-	-	-	-	-	250,074
-	-	-	-	-	133,989
-	-	-	-	-	384,063
-	-	-	-	-	43,302
-	-	-	-	-	4,016,522
-	-	-	-	-	194,633
<u>(14,347)</u>	<u>(17,156)</u>	<u>(61,495)</u>	<u>(6,383)</u>	<u>(43,131)</u>	<u>(675,685)</u>
<u>(14,347)</u>	<u>(17,156)</u>	<u>(61,495)</u>	<u>(6,383)</u>	<u>(43,131)</u>	<u>3,578,772</u>
<u>\$ (12,104)</u>	<u>\$ (12,592)</u>	<u>\$ (39,816)</u>	<u>\$ (6,383)</u>	<u>\$ (14,330)</u>	<u>\$ 4,564,234</u>

**CITY OF BUFFALO, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
CAPITAL PROJECT FUND – BY PROJECT
YEAR ENDED DECEMBER 31, 2024**

	2024			
	Pavement Management	Ice Arena Improvement	Fire Capital Improvements	Park Capital Improvement
REVENUES				
General Property Taxes	\$ 801,507	\$ -	\$ -	\$ -
Intergovernmental	7,552	-	69,451	-
Special Assessments	-	-	-	-
Charges for Services	-	-	-	13,790
Investment Earnings	19,426	17,507	2,304	4,614
Refunds and Reimbursements	-	-	-	-
Grants and Contributions	-	-	-	-
Total Revenues	<u>828,485</u>	<u>17,507</u>	<u>71,755</u>	<u>18,404</u>
EXPENDITURES				
Capital Outlay:				
Public Safety	-	-	-	-
Public Works	2,099,613	-	15,808	-
Culture and Recreation	-	-	-	-
Debt Service:				
Bonds:				
Interest and Fiscal Charges	43,228	-	-	-
Total Expenditures	<u>2,142,841</u>	<u>-</u>	<u>15,808</u>	<u>-</u>
REVENUE OVER (UNDER) EXPENDITURES	(1,314,356)	17,507	55,947	18,404
OTHER FINANCING SOURCES (USES)				
Transfer In	584,863	-	-	75,000
Transfer Out	(86,534)	-	(113,708)	-
Issuance of Bonds	1,300,000	-	-	-
Bond Premium	163,693	-	-	-
Total Other Financing Sources (Uses)	<u>1,962,022</u>	<u>-</u>	<u>(113,708)</u>	<u>75,000</u>
NET CHANGE IN FUND BALANCES	647,666	17,507	(57,761)	93,404
Fund Balances (Deficit) - Beginning of Year	98,861	769,794	251,969	157,625
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 746,527</u>	<u>\$ 787,301</u>	<u>\$ 194,208</u>	<u>\$ 251,029</u>

**CITY OF BUFFALO, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
CAPITAL PROJECT FUND – BY PROJECT (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

2024						
Capital Equipment	Annual Trail Replacements	TH25 S. Reconstruction	Dague Ave. Roundabout	Dague Ave. & 30th St. NE Reconstruction	Bentfield Renovation	Baker Ave. Improvement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	4,541,333	-	90,689	-	-
-	-	4,288	-	22,933	-	-
-	-	-	-	73,864	-	-
3,825	-	155,932	-	-	-	-
-	-	2,633	950	-	-	-
-	-	-	-	-	-	-
<u>3,825</u>	<u>-</u>	<u>4,704,186</u>	<u>950</u>	<u>187,486</u>	<u>-</u>	<u>-</u>
61,973	-	-	-	-	-	-
814,429	-	5,173,232	413	2,511	-	-
130,590	-	-	-	-	-	-
<u>30,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,037,085</u>	<u>-</u>	<u>5,173,232</u>	<u>413</u>	<u>2,511</u>	<u>-</u>	<u>-</u>
(1,033,260)	-	(469,046)	537	184,975	-	-
-	-	-	86,534	-	34,406	25,623
-	-	(490,000)	-	-	-	-
905,000	-	-	-	-	-	-
114,080	-	-	-	-	-	-
<u>1,019,080</u>	<u>-</u>	<u>(490,000)</u>	<u>86,534</u>	<u>-</u>	<u>34,406</u>	<u>25,623</u>
(14,180)	-	(959,046)	87,071	184,975	34,406	25,623
<u>14,425</u>	<u>(6,728)</u>	<u>1,577,495</u>	<u>(86,891)</u>	<u>(473,670)</u>	<u>(34,406)</u>	<u>(25,623)</u>
<u>\$ 245</u>	<u>\$ (6,728)</u>	<u>\$ 618,449</u>	<u>\$ 180</u>	<u>\$ (288,695)</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF BUFFALO, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
CAPITAL PROJECT FUND – BY PROJECT (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	2024			
	Fire Training Tower	Public Safety Aid	Fiber Capital Improvements	NE Area Reconstruction
	Tower	Aid	Improvements	Reconstruction
REVENUES				
General Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	168,529	-
Special Assessments	-	-	-	-
Charges for Services	-	-	-	-
Investment Earnings	-	16,112	111,563	-
Refunds and Reimbursements	-	-	-	-
Grants and Contributions	-	-	-	-
Total Revenues	<u>-</u>	<u>16,112</u>	<u>280,092</u>	<u>-</u>
EXPENDITURES				
Capital Outlay:				
Public Safety	-	-	-	-
Public Works	-	160,963	2,011,733	237,750
Culture and Recreation	-	-	-	-
Debt Service:				
Bonds:				
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>160,963</u>	<u>2,011,733</u>	<u>237,750</u>
REVENUE OVER (UNDER) EXPENDITURES	-	(144,851)	(1,731,641)	(237,750)
OTHER FINANCING SOURCES (USES)				
Transfer In	113,708	-	-	-
Transfer Out	-	-	-	-
Issuance of Bonds	-	-	-	-
Bond Premium	-	-	-	-
Total Other Financing Sources (Uses)	<u>113,708</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	113,708	(144,851)	(1,731,641)	(237,750)
Fund Balances (Deficit) - Beginning of Year	<u>(113,708)</u>	<u>716,706</u>	<u>2,816,304</u>	<u>-</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ 571,855</u>	<u>\$ 1,084,663</u>	<u>\$ (237,750)</u>

**CITY OF BUFFALO, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
CAPITAL PROJECT FUND – BY PROJECT (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

2024						
Catlin St Improvements	12th St NE Improvements	Ryan's Way Improvements	TH25 Right Turn Lane Improvements	Community Center Improvements	Internal Eliminations	Total Capital Project Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 801,507
5,000	-	-	-	-	-	4,882,554
-	-	-	-	-	-	27,221
-	-	-	-	-	-	87,654
-	-	-	-	300	-	331,583
-	-	-	-	-	-	3,583
-	-	-	-	382,868	-	382,868
5,000	-	-	-	383,168	-	6,516,970
-	-	-	-	-	-	61,973
19,347	17,156	61,495	6,383	2,163,431	-	12,784,264
-	-	-	-	-	-	130,590
-	-	-	-	-	-	73,321
19,347	17,156	61,495	6,383	2,163,431	-	13,050,148
(14,347)	(17,156)	(61,495)	(6,383)	(1,780,263)	-	(6,533,178)
-	-	-	-	50,000	(690,242)	279,892
-	-	-	-	-	690,242	-
-	-	-	-	1,687,132	-	3,892,132
-	-	-	-	-	-	277,773
-	-	-	-	1,737,132	-	4,449,797
(14,347)	(17,156)	(61,495)	(6,383)	(43,131)	-	(2,083,381)
-	-	-	-	-	-	5,662,153
<u>\$ (14,347)</u>	<u>\$ (17,156)</u>	<u>\$ (61,495)</u>	<u>\$ (6,383)</u>	<u>\$ (43,131)</u>	<u>\$ -</u>	<u>\$ 3,578,772</u>

**CITY OF BUFFALO, MINNESOTA
COMBINING BALANCE SHEET
HRA OF BUFFALO FUND – BY TIF DISTRICT
DECEMBER 31, 2024**

	2024			
	HRA	TIF #25	TIF #21	Local
	General Fund	Settlers Commons	Pfeifer Property	Housing Trust Fund
ASSETS				
Cash and Investments	\$ 166,192	\$ 8,753	\$ -	\$ 169,768
Taxes Receivable:				
Current	3,028	-	-	-
Delinquent	3,480	-	-	-
Accounts Receivable	-	-	-	-
Accrued Interest Receivable	382	-	-	-
Due From Other Funds	6,836	-	-	-
Loans Receivable, Net of Allowance	400,475	-	-	-
Land Held for Resale	214,400	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 794,793</u>	<u>\$ 8,753</u>	<u>\$ -</u>	<u>\$ 169,768</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts and Contracts Payable	\$ 142	\$ -	\$ -	\$ -
Due to Other Funds	-	-	6,836	-
Escrow Deposits	-	-	-	-
Total Liabilities	<u>142</u>	<u>-</u>	<u>6,836</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Taxes	3,480	-	-	-
Unavailable Loans and Interest Receivables	400,475	-	-	-
Total Deferred Inflows of Resources	<u>403,955</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted	10,719	-	-	169,768
Committed	379,977	8,753	-	-
Unassigned	-	-	(6,836)	-
Total Fund Balances (Deficits)	<u>390,696</u>	<u>8,753</u>	<u>(6,836)</u>	<u>169,768</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 794,793</u>	<u>\$ 8,753</u>	<u>\$ -</u>	<u>\$ 169,768</u>

**CITY OF BUFFALO, MINNESOTA
 COMBINING BALANCE SHEET
 HRA OF BUFFALO FUND – BY TIF DISTRICT (CONTINUED)
 DECEMBER 31, 2024**

2024				
TIF #14 Village Place	TIF #22 Whirltronics	TIF #24 1st Ave Lofts	Eliminations	Total HRA of Buffalo Fund
\$ 13,655	\$ 514	\$ 11,391	\$ -	\$ 370,273
-	-	-	-	3,028
-	-	-	-	3,480
-	-	-	-	-
-	-	-	-	382
-	-	-	(6,836)	-
-	-	-	-	400,475
-	-	-	-	214,400
<u>\$ 13,655</u>	<u>\$ 514</u>	<u>\$ 11,391</u>	<u>\$ (6,836)</u>	<u>\$ 992,038</u>
\$ -	\$ -	\$ -	\$ -	\$ 142
-	-	-	(6,836)	-
<u>3,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,571</u>
3,571	-	-	(6,836)	3,713
-	-	-	-	3,480
-	-	-	-	400,475
-	-	-	-	403,955
-	-	-	-	180,487
10,084	514	11,391	-	410,719
-	-	-	-	(6,836)
<u>10,084</u>	<u>514</u>	<u>11,391</u>	<u>-</u>	<u>584,370</u>
<u>\$ 13,655</u>	<u>\$ 514</u>	<u>\$ 11,391</u>	<u>\$ (6,836)</u>	<u>\$ 992,038</u>

**CITY OF BUFFALO, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
HRA OF BUFFALO FUND – BY TIF DISTRICT
YEAR ENDED DECEMBER 31, 2024**

	2024			
	HRA General Fund	TIF #25 Settlers Commons	TIF #21 Pfeifer Property	Local Housing Trust Fund
REVENUES				
General Property Taxes	\$ 399,021	\$ -	\$ -	\$ -
Tax Increments	-	1,764	7,488	-
Intergovernmental	216,298	-	-	84,884
Charges for Services	31,871	-	-	-
Investment Earnings	7,998	-	-	-
Refunds and Reimbursements	2,000	-	-	-
Miscellaneous	9,478	-	-	-
Total Revenues	<u>666,666</u>	<u>1,764</u>	<u>7,488</u>	<u>84,884</u>
EXPENDITURES				
Current:				
Community Development	310,643	-	6,739	-
Capital Outlay:				
Community Development	1,941,311	-	-	-
Debt Service:				
Finance Purchase Obligations:				
Principal	40,233	-	-	-
Interest and Fiscal Charges	52,488	-	-	-
Total Expenditures	<u>2,344,675</u>	<u>-</u>	<u>6,739</u>	<u>-</u>
REVENUE OVER (UNDER) EXPENDITURES	(1,678,009)	1,764	749	84,884
OTHER FINANCING SOURCES (USES)				
Transfer In	13,050	-	-	84,884
Transfer Out	(218,459)	(13,050)	-	-
Proceeds from Loans	1,660,000	-	-	-
Total Other Financing Sources (Uses)	<u>1,454,591</u>	<u>(13,050)</u>	<u>-</u>	<u>84,884</u>
NET CHANGE IN FUND BALANCES	(223,418)	(11,286)	749	169,768
Fund Balances (Deficit) - Beginning of Year	614,114	20,039	(7,585)	-
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 390,696</u>	<u>\$ 8,753</u>	<u>\$ (6,836)</u>	<u>\$ 169,768</u>

**CITY OF BUFFALO, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
HRA OF BUFFALO FUND – BY TIF DISTRICT (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

2024				
TIF #14 Village Place	TIF #22 Whirltronics	TIF #24 1st Ave Lofts	Eliminations	Total HRA of Buffalo Fund
\$ -	\$ -	\$ -	\$ -	\$ 399,021
62,511	68,424	71,003	-	211,190
-	-	-	-	301,182
-	-	-	-	31,871
-	-	-	-	7,998
-	-	-	-	2,000
-	-	-	-	9,478
<u>62,511</u>	<u>68,424</u>	<u>71,003</u>	<u>-</u>	<u>962,740</u>
60,376	73,088	63,903	-	514,749
-	-	-	-	1,941,311
-	-	-	-	40,233
-	-	-	-	52,488
<u>60,376</u>	<u>73,088</u>	<u>63,903</u>	<u>-</u>	<u>2,548,781</u>
2,135	(4,664)	7,100	-	(1,586,041)
-	-	-	(97,934)	-
-	-	-	97,934	(133,575)
-	-	-	-	1,660,000
-	-	-	-	1,526,425
2,135	(4,664)	7,100	-	(59,616)
7,949	5,178	4,291	-	643,986
<u>\$ 10,084</u>	<u>\$ 514</u>	<u>\$ 11,391</u>	<u>\$ -</u>	<u>\$ 584,370</u>

STATISTICAL SECTION

STATISTICAL SECTION

The statistical section of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health.

Financial Trends – Pages 151-156

These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time.

Revenue Capacity – Pages 157-161

These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax (or sales tax).

Debt Capacity – Pages 162-167

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information – Pages 168-170

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information – Pages 171-172

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.

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

**CITY OF BUFFALO, MINNESOTA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Net Investment in Capital Assets	\$ 35,513,483	\$ 28,396,065	\$ 27,743,024	\$ 30,006,342	\$ 26,852,763	\$ 28,720,904	\$ 32,405,054	\$ 37,828,804	\$ 44,143,859	\$ 53,997,840
Restricted	9,540,087	9,583,475	7,152,683	7,156,148	3,969,324	6,415,845	7,872,803	6,437,317	7,944,776	7,521,831
Unrestricted	(7,724,971)	(3,652,914)	(1,602,550)	(3,996,045)	3,251,794	1,130,170	1,034,440	(581,475)	2,175,375	1,799,480
Total Governmental Activities Net Position	<u>\$ 37,328,599</u>	<u>\$ 34,326,626</u>	<u>\$ 33,293,157</u>	<u>\$ 33,166,445</u>	<u>\$ 34,073,881</u>	<u>\$ 36,266,919</u>	<u>\$ 41,312,297</u>	<u>\$ 43,684,646</u>	<u>\$ 54,264,010</u>	<u>\$ 63,319,151</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 13,257,732	\$ 14,764,051	\$ 17,179,822	\$ 13,849,617	\$ 18,443,346	\$ 21,274,431	\$ 24,169,329	\$ 30,349,338	\$ 33,876,029	\$ 28,191,417
Unrestricted	(1,669,718)	(1,555,450)	(3,638,477)	2,052,970	1,500,117	3,642,422	6,390,825	7,685,742	10,558,795	21,744,252
Total Business-Type Activities Net Position	<u>\$ 11,588,014</u>	<u>\$ 13,208,601</u>	<u>\$ 13,541,345</u>	<u>\$ 15,902,587</u>	<u>\$ 19,943,463</u>	<u>\$ 24,916,853</u>	<u>\$ 30,560,154</u>	<u>\$ 38,035,080</u>	<u>\$ 44,434,824</u>	<u>\$ 49,935,669</u>
Primary Government										
Net Investment in Capital Assets	\$ 48,771,215	\$ 43,160,116	\$ 44,922,846	\$ 43,855,959	\$ 45,296,109	\$ 49,995,335	\$ 56,574,383	\$ 68,178,142	\$ 78,019,888	\$ 82,189,257
Restricted	9,540,087	9,583,475	7,152,683	7,156,148	3,969,324	6,415,845	7,872,803	6,437,317	7,944,776	7,521,831
Unrestricted	(9,394,689)	(5,208,364)	(5,241,027)	(1,943,075)	4,751,911	4,772,592	7,425,265	7,104,267	12,734,170	23,543,732
Total Primary Government Net Position	<u>\$ 48,916,613</u>	<u>\$ 47,535,227</u>	<u>\$ 46,834,502</u>	<u>\$ 49,069,032</u>	<u>\$ 54,017,344</u>	<u>\$ 61,183,772</u>	<u>\$ 71,872,451</u>	<u>\$ 81,719,726</u>	<u>\$ 98,698,834</u>	<u>\$ 113,254,820</u>

**CITY OF BUFFALO, MINNESOTA
CHANGES IN NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses:										
Governmental Activities:										
General Government	\$ 1,125,873	\$ 1,151,021	\$ 1,291,084	\$ 1,534,471	\$ 2,062,016	\$ 1,849,830	\$ 2,015,409	\$ 2,240,135	\$ 2,083,945	\$ 2,150,391
Public Safety	3,123,618	2,961,898	3,698,554	3,681,813	3,799,258	5,691,705	4,985,280	5,910,279	6,578,892	6,720,981
Highways and Streets	6,139,374	6,514,018	4,142,942	4,133,639	4,292,886	4,249,987	4,025,170	4,271,957	4,825,615	6,190,419
Sanitation	781,798	761,236	882,131	912,767	930,813	945,299	990,076	1,113,625	1,150,918	1,184,263
Culture and Recreation	2,961,901	2,848,075	3,038,166	2,993,193	3,097,006	3,277,492	3,252,781	3,656,654	4,354,913	4,665,759
Community Development	198,414	146,380	605,787	291,164	173,874	661,033	204,050	519,705	517,943	509,879
Interest on Long-Term Debt	737,836	488,283	756,520	701,076	1,061,980	928,355	456,266	510,865	653,288	741,711
Total Governmental Activities Expenses	15,068,814	14,870,911	14,415,184	14,248,123	15,417,833	17,603,701	15,929,032	18,223,220	20,165,514	22,163,403
Business-Type Activities:										
Electric	11,525,954	12,130,203	12,387,553	13,379,943	13,340,725	13,493,745	14,946,495	16,731,752	17,470,951	15,643,472
Water	2,718,563	2,717,375	2,742,449	2,858,491	2,704,783	3,330,399	3,240,860	3,119,414	3,324,046	3,376,053
Sewer	4,090,073	3,776,268	4,300,615	4,381,615	4,266,795	4,402,631	4,279,897	4,209,360	4,720,679	4,718,528
Liquor	4,493,031	4,595,069	4,694,375	4,830,726	4,992,017	6,216,700	6,253,792	6,534,322	6,522,771	6,619,291
Golf Course	1,203,375	858,249	983,798	970,695	1,980,357	1,477,938	1,208,759	282,543	-	-
Total Business-Type Activities Expenses	24,030,996	24,077,164	25,108,790	26,421,470	27,284,677	28,921,413	29,929,803	30,877,391	32,038,447	30,357,344
Total Primary Government Expenses	<u>\$ 39,099,810</u>	<u>\$ 38,948,075</u>	<u>\$ 39,523,974</u>	<u>\$ 40,669,593</u>	<u>\$ 42,702,510</u>	<u>\$ 46,525,114</u>	<u>\$ 45,858,835</u>	<u>\$ 49,100,611</u>	<u>\$ 52,203,961</u>	<u>\$ 52,520,747</u>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 1,160,401	\$ 981,992	\$ 987,760	\$ 1,042,374	\$ 1,560,261	\$ 1,047,702	\$ 1,130,179	\$ 1,012,017	\$ 1,600,777	\$ 1,495,513
Public Safety	689,598	701,239	726,723	708,271	752,111	1,533,403	1,837,408	1,901,771	2,061,411	2,122,739
Highways and Streets	5,815	27,954	122,239	5,534	34,002	8,741	895,129	179,659	292,281	52,161
Sanitation	895,712	912,988	939,105	952,871	962,600	978,536	1,052,378	1,136,321	1,270,428	1,409,576
Culture and Recreation	924,473	867,766	919,619	1,114,543	1,000,931	891,895	1,267,088	1,335,384	1,228,038	1,286,383
Community Development	58,158	26,720	160,000	178,211	155,587	164,727	-	36,592	259,977	187,636
Interest on Long-Term Debt	-	60,403	79,919	78,050	63,683	-	-	-	-	-
Operating Grants and Contributions	536,123	633,031	645,969	654,612	1,043,447	1,914,315	398,819	2,232,408	1,715,530	962,013
Capital Grants and Contributions	6,660,393	1,019,331	57,615	74,189	370,556	2,323,299	3,075,459	2,768,137	8,463,229	6,823,291
Total Governmental Activities Program Revenues	10,930,673	5,231,424	4,638,949	4,808,655	5,943,178	8,862,618	9,656,460	10,602,289	16,891,671	14,339,312
Business-Type Activities:										
Charges for Services:										
Electric	12,668,784	13,859,778	14,165,721	15,145,456	14,864,350	15,407,792	17,196,019	19,193,515	19,205,221	17,954,579
Water	1,837,305	1,604,724	1,910,056	2,765,158	2,628,150	3,063,967	3,562,152	4,226,278	4,860,919	4,339,421
Sewer	3,057,605	2,991,350	3,063,963	4,490,531	4,764,352	4,886,053	5,313,402	5,407,066	5,711,614	6,140,444
Liquor	4,931,536	4,982,675	5,194,104	5,371,883	5,632,510	6,579,097	6,758,008	7,071,931	7,172,842	7,158,144
Golf Course	626,816	666,501	660,347	671,680	1,167,972	1,285,592	1,332,882	8,048	-	-
Operating Grants and Contributions	144,008	149,866	142,689	173,751	164,240	178,237	156,259	609,180	1,049,549	810,029
Capital Grants and Contributions	369,510	363,838	488,511	541,562	1,901,846	1,381,239	1,303,832	718,841	1,013,228	1,346,988
Total Business-Type Activities Program Revenues	23,635,564	24,618,732	25,625,391	29,160,021	31,123,420	32,781,977	35,622,554	37,234,859	39,013,373	37,749,605
Total Primary Government Program Revenues	<u>\$ 34,566,237</u>	<u>\$ 29,850,156</u>	<u>\$ 30,264,340</u>	<u>\$ 33,968,676</u>	<u>\$ 37,066,598</u>	<u>\$ 41,644,595</u>	<u>\$ 45,279,014</u>	<u>\$ 47,837,148</u>	<u>\$ 55,905,044</u>	<u>\$ 52,088,917</u>

CITY OF BUFFALO, MINNESOTA
CHANGES IN NET POSITION BY COMPONENT (CONTINUED)
LAST TEN FISCAL YEARS

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net (Expense)/Revenue:										
Governmental Activities	\$ (4,138,141)	\$ (9,639,487)	\$ (9,776,235)	\$ (9,439,468)	\$ (9,474,655)	\$ (8,741,083)	\$ (6,272,572)	\$ (7,620,931)	\$ (3,273,843)	\$ (7,824,091)
Business-Type Activities	(395,432)	541,568	516,601	2,738,551	3,838,743	3,860,564	5,692,751	6,357,468	6,974,926	7,392,261
Total Government Net Expense	\$ (4,533,573)	\$ (9,097,919)	\$ (9,259,634)	\$ (6,700,917)	\$ (5,635,912)	\$ (4,880,519)	\$ (579,821)	\$ (1,263,463)	\$ 3,701,083	\$ (431,830)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 5,306,826	\$ 5,907,924	\$ 6,752,256	\$ 7,034,938	\$ 7,505,911	\$ 8,000,386	\$ 8,261,145	\$ 9,150,049	\$ 10,178,174	\$ 11,253,906
Tax Increments	264,026	263,658	62,216	96,045	97,572	104,846	134,531	145,766	137,052	140,187
Other Taxes	2,144	2,199	2,372	4,633	395	1,931	2,435	3,013	6,668	2,949
Unrestricted Grants and Contributions	834,909	868,995	756,383	918,242	879,883	1,005,846	1,235,155	1,222,419	1,339,492	1,786,608
Investment Earnings (Loss)	9,366	12,076	88,024	95,191	191,538	126,533	10,652	31,398	330,736	618,448
Insurance Proceeds	-	-	-	-	30,552	-	-	-	-	-
Gain on Disposal of Capital Assets	26,276	5,770	8,298	15,623	-	14,803	228,349	20,920	52,121	7,888
Miscellaneous	27,748	12,638	20,606	13,508	201,240	105,263	39,216	307,788	131,192	100,127
Transfer	476,931	(435,746)	1,052,611	1,395,000	1,475,000	1,475,000	1,406,467	(888,073)	1,677,772	2,969,119
Total Governmental Activities	6,948,226	6,637,514	8,742,766	9,573,180	10,382,091	10,834,608	11,317,950	9,993,280	13,853,207	16,879,232
Business-Type Activities:										
Taxes:										
Property Taxes	572,899	611,370	849,075	1,147,728	789,657	738,533	951,529	851,981	501,978	499,629
Unrestricted Grants and Contributions	-	-	-	-	-	-	-	14,890	-	-
Investment Earnings	20,188	25,766	18,721	32,732	48,885	26,617	10,193	20,055	229,704	319,634
Insurance Proceeds	5,501	-	-	-	308,964	39,343	88,657	-	-	-
Gain on Disposal of Capital Assets	-	-	-	9,457	3,943	12,763	4,048	13,761	18,270	8,627
Miscellaneous	10,846	6,137	958	2,208	216,314	239,518	302,590	228,992	352,638	249,813
Transfer	(476,931)	435,746	(1,052,611)	(1,395,000)	(1,475,000)	(1,475,000)	(1,406,467)	888,073	(1,677,772)	(2,969,119)
Special Item	-	-	-	-	-	-	-	(900,294)	-	-
Total Business-Type Activities	132,503	1,079,019	(183,857)	(202,875)	(107,237)	(418,226)	(49,450)	1,117,458	(575,182)	(1,891,416)
Total Government	\$ 7,080,729	\$ 7,716,533	\$ 8,558,909	\$ 9,370,305	\$ 10,274,854	\$ 10,416,382	\$ 11,268,500	\$ 11,110,738	\$ 13,278,025	\$ 14,987,816
Change in Net Position:										
Governmental Activities	\$ 2,810,085	\$ (3,001,973)	\$ (1,033,469)	\$ 133,712	\$ 907,436	\$ 2,093,525	\$ 5,045,378	\$ 2,372,349	\$ 10,579,364	\$ 9,055,141
Business-Type Activities	(262,929)	1,620,587	332,744	2,535,676	3,731,506	3,442,338	5,643,301	7,474,926	6,399,744	5,500,845
Total Primary Government	\$ 2,547,156	\$ (1,381,386)	\$ (700,725)	\$ 2,669,388	\$ 4,638,942	\$ 5,535,863	\$ 10,688,679	\$ 9,847,275	\$ 16,979,108	\$ 14,555,986

Source: City Records

**CITY OF BUFFALO, MINNESOTA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund:										
Nonspendable	\$ 43,206	\$ 18,363	\$ 78,615	\$ 77,158	\$ 2,485,638	\$ 2,506,536	\$ 2,396,958	\$ 2,198,522	\$ 2,049,972	\$ 2,202,106
Committed	-	-	-	-	-	-	-	120,000	-	-
Unassigned	4,015,641	4,531,376	4,461,031	4,968,422	2,762,173	3,061,504	3,364,018	4,089,791	4,614,580	5,644,854
Total General Fund	\$ 4,058,847	\$ 4,549,739	\$ 4,539,646	\$ 5,045,580	\$ 5,247,811	\$ 5,568,040	\$ 5,760,976	\$ 6,408,313	\$ 6,664,552	\$ 7,846,960
All Other Governmental Funds:										
Nonspendable	\$ 56,561	\$ 26,817	\$ 323,419	\$ 246,630	\$ 230,884	\$ 21,236	\$ 14,040	\$ 19,885	\$ 81,512	\$ 455,338
Restricted	7,654,003	7,602,851	5,728,671	5,482,821	10,202,887	11,659,583	7,789,334	5,673,597	11,826,261	8,734,172
Committed	404,907	1,781,344	2,911,900	2,768,189	2,829,397	2,839,486	2,073,157	1,476,348	1,472,736	1,200,686
Assigned	1,084,590	-	-	-	-	-	-	-	266,394	194,633
Unassigned	(4,867,060)	(4,853,354)	(4,560,592)	(4,195,512)	(4,059,789)	(4,086,659)	(3,776,510)	(4,870,029)	(3,918,346)	(4,706,523)
Total All Other Government Funds	\$ 4,333,001	\$ 4,557,658	\$ 4,403,398	\$ 4,302,128	\$ 9,203,379	\$ 10,433,646	\$ 6,100,021	\$ 2,299,801	\$ 9,728,557	\$ 5,878,306
Total Government Funds:										
Nonspendable	\$ 99,767	\$ 45,180	\$ 402,034	\$ 323,788	\$ 2,716,522	\$ 2,527,772	\$ 2,410,998	\$ 2,218,407	\$ 2,131,484	\$ 2,657,444
Restricted	7,654,003	7,602,851	5,728,671	5,482,821	10,202,887	11,659,583	7,789,334	5,673,597	11,826,261	8,734,172
Committed	404,907	1,781,344	2,911,900	2,768,189	2,829,397	2,839,486	2,073,157	1,596,348	1,472,736	1,200,686
Assigned	1,084,590	-	-	-	-	-	-	-	266,394	194,633
Unassigned	(851,419)	(321,978)	(99,561)	772,910	(1,297,616)	(1,025,155)	(412,492)	(780,238)	696,234	938,331
Total Government Funds	\$ 8,391,848	\$ 9,107,397	\$ 8,943,044	\$ 9,347,708	\$ 14,451,190	\$ 16,001,686	\$ 11,860,997	\$ 8,708,114	\$ 16,393,109	\$ 13,725,266

Source: City Records

**CITY OF BUFFALO, MINNESOTA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
General Property Taxes	\$ 5,505,941	\$ 6,118,726	\$ 6,776,326	\$ 7,040,998	\$ 7,486,269	\$ 7,999,526	\$ 8,208,022	\$ 8,945,112	\$ 10,051,668	\$ 11,214,475
Tax Increments	69,085	58,002	62,216	96,045	97,572	104,846	174,617	354,461	204,156	211,190
Other Taxes	2,144	2,199	2,372	4,633	395	1,931	2,435	3,013	6,668	2,949
Licenses and Permits	382,675	361,151	357,042	432,679	579,621	458,071	543,102	473,301	716,821	600,020
Intergovernmental	7,793,225	1,674,098	1,326,692	1,521,358	1,800,118	3,349,981	5,134,671	5,974,567	9,318,877	7,399,354
Special Assessments	90,361	47,390	63,217	54,388	28,230	130,253	30,047	38,659	377,256	91,418
Charges for Services	3,177,048	3,188,484	3,339,483	3,425,524	6,311,416	3,062,814	3,560,190	3,723,910	4,093,260	4,730,398
Fines and Forfeits	31,465	37,156	38,814	33,563	35,529	39,538	45,751	46,360	40,528	41,427
Investment Earnings (Loss)	261,440	141,173	90,074	96,125	188,263	124,973	9,005	33,011	329,427	617,991
Refunds and Reimbursements	558,919	3,885,370	371,179	353,692	381,614	1,739,379	374,087	298,240	349,005	337,454
Contributions and Donations	99,144	141,763	123,900	124,316	93,114	135,344	209,257	104,161	105,222	491,566
Miscellaneous	27,768	12,789	20,615	20,218	24,575	54,040	7,291	218,038	95,859	45,478
Total Revenues	17,999,215	15,668,301	12,571,930	13,203,539	17,026,716	17,200,696	18,298,475	20,212,833	25,688,747	25,783,720
Expenditures:										
Current:										
General Government	1,090,367	1,285,726	1,356,240	1,675,908	1,667,713	1,562,710	1,496,297	1,775,986	1,647,321	1,723,722
Public Safety	2,801,127	2,760,454	2,906,096	3,052,548	3,554,221	4,381,063	4,391,630	4,500,825	5,144,625	5,328,062
Public Works	1,365,774	1,297,438	1,385,884	1,375,594	1,448,039	1,425,410	1,426,471	1,469,958	1,769,528	2,581,130
Sanitation	781,798	761,236	882,131	912,767	930,813	945,738	989,178	1,114,590	1,149,325	1,186,032
Culture and Recreation	2,103,394	2,096,187	2,151,808	2,169,945	2,271,920	2,411,196	2,433,862	2,912,197	3,363,962	3,731,397
Community Development	174,510	132,333	108,271	190,395	173,874	660,560	203,245	519,705	517,943	514,749
Capital Outlay:										
General Government	16,120	-	-	6,831	260,250	85,709	39,799	86,454	26,835	127,751
Public Safety	186,584	266,509	98,441	56,092	823,770	340,192	5,429,448	280,458	158,649	550,707
Public Works	11,602,490	6,189,454	329,177	1,073,639	3,778,127	5,261,890	2,872,242	8,571,528	7,210,733	9,922,595
Culture and Recreation	153,382	461,189	192,102	258,081	650,512	1,814,012	528,481	539,853	503,136	3,644,648
Community Development	133,242	9,981	58,574	80,472	-	-	-	-	110,009	1,941,311
Debt Service:										
Finance Purchase Obligations and Lease Liability:										
Principal	288,728	399,108	408,830	329,402	378,783	346,539	393,315	404,342	563,795	492,398
Interest and Fiscal Charges	14,872	15,962	17,560	12,187	27,608	40,054	30,883	27,149	45,645	81,799
Bonds:										
Principal	1,116,163	929,133	847,277	747,499	962,214	1,008,326	2,319,956	4,251,881	2,887,206	2,970,928
Interest	2,446,615	5,729,189	4,536,855	2,332,678	5,528,847	3,949,980	819,423	751,466	750,554	836,990
Total Expenditures	24,275,166	22,333,899	15,279,246	14,274,038	22,456,691	24,233,379	23,374,230	27,206,392	25,849,266	35,634,219
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,275,951)	(6,665,598)	(2,707,316)	(1,070,499)	(5,429,975)	(7,032,683)	(5,075,755)	(6,993,559)	(160,519)	(9,850,499)

CITY OF BUFFALO, MINNESOTA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Other Financing Sources (Uses):										
Transfers In	\$ 2,747,381	\$ 2,353,260	\$ 3,978,894	\$ 3,889,195	\$ 3,220,778	\$ 3,148,464	\$ 3,073,165	\$ 2,071,214	\$ 2,409,900	\$ 1,833,517
Transfers Out	(709,851)	(656,554)	(1,892,393)	(2,494,195)	(1,745,778)	(1,673,464)	(1,666,698)	(596,214)	(300,147)	(488,654)
Issuance of Bonds	7,445,000	4,640,000	330,000	-	9,559,700	6,278,400	-	1,525,000	5,310,000	3,892,132
Proceeds from the Sale of Capital Assets	35,651	194,779	8,298	15,623	531,490	112,003	228,349	20,920	52,403	7,888
Insurance Proceeds	-	-	-	-	-	-	764,600	71,630	10,504	-
Issuance of Lease	149,624	768,958	118,164	64,540	1,108,750	305,585	540,650	658,808	42,353	-
Issuance of Loans Payable	-	-	-	-	-	-	-	-	-	1,660,000
Issuance of Refunding Bonds	-	-	-	-	-	1,340,000	-	-	-	-
Payment of Refunded Bonds	-	-	-	-	(3,092,990)	(1,340,000)	(2,005,000)	-	-	-
Bond Premium	199,451	80,704	-	-	951,507	312,678	-	89,318	320,501	277,773
Total Other Financing Sources (Uses)	9,867,256	7,381,147	2,542,963	1,475,163	10,533,457	8,483,666	935,066	3,840,676	7,845,514	7,182,656
Net Change in Fund Balances	\$ 3,591,305	\$ 715,549	\$ (164,353)	\$ 404,664	\$ 5,103,482	\$ 1,450,983	\$ (4,140,689)	\$ (3,152,883)	\$ 7,684,995	\$ (2,667,843)
Debt Service as % of Noncapital Expenditures	31.73%	45.91%	39.80%	26.73%	40.71%	31.94%	24.57%	30.66%	23.81%	22.53%

Source: City Records

**CITY OF BUFFALO, MINNESOTA
TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Fiscal Year	Property	Tax Increment	Lodging	Total
2015	\$ 5,879,725	\$ 264,026	\$ 2,144	\$ 6,145,895
2016	6,519,294	263,658	2,199	6,785,151
2017	7,601,331	62,216	2,372	7,665,919
2018	8,182,666	96,045	4,633	8,283,344
2019	8,295,568	97,572	395	8,393,535
2020	8,738,919	104,846	1,931	8,845,696
2021	9,212,674	134,531	2,435	9,349,640
2022	10,002,030	145,766	3,013	10,150,809
2023	10,680,152	137,052	6,668	10,823,872
2024	11,253,906	140,187	2,949	11,397,042

Change 2015-2024	91.40%	(46.90)%	37.55%	85.44%
---------------------	--------	----------	--------	--------

Source: City Records

**CITY OF BUFFALO, MINNESOTA
TAX CAPACITY AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Year Taxes Payable	Residential Property	Commercial Industrial Property	Other Property	Less: Tax Increment Property	Net Taxable Tax Capacity	Total Direct Tax Rate	Estimated Taxable Market Value	Taxable Tax Capacity as a Percentage of Estimated Market Value
2015	\$ 7,727,254	\$ 3,402,015	\$ 211,746	\$ 60,742	\$ 11,280,273	51.77 %	\$ 963,485,500	1.17 %
2016	8,305,304	3,403,192	226,261	53,625	11,881,132	54.84	1,021,642,300	1.16
2017	8,672,714	3,460,246	251,152	76,197	12,307,915	59.61	1,061,985,800	1.16
2018	9,527,347	3,503,345	210,327	80,380	13,160,639	60.08	1,146,889,600	1.15
2019	10,295,112	3,599,286	221,700	81,651	14,034,447	57.70	1,230,115,300	1.14
2020	11,245,826	3,727,270	235,485	87,471	15,121,110	55.81	1,331,989,000	1.14
2021	12,352,958	3,854,819	264,116	143,798	16,328,095	54.26	1,447,284,400	1.13
2022	13,203,099	3,930,029	271,944	285,936	17,119,136	55.03	1,534,039,050	1.12
2023	15,802,287	4,325,322	296,615	184,359	20,239,865	50.56	1,816,468,851	1.11
2024	18,170,549	5,243,720	289,586	203,546	23,500,309	47.87	2,095,027,836	1.12

Source: Wright County

Note 1: Tax rates are expressed in terms of "net tax capacity." A property's tax capacity is determined by multiplying its taxable market value by a state determined class rate. Class rates vary by property type and change periodically based on state legislation.

Note 2: Property in the county is reassessed annually. The county assessor's market value of property is approximately 94.5% of actual value for all types of real and personal property.

**CITY OF BUFFALO, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
2023 AND 2014**

Taxpayer	2024			2015		
	Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity	Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity
Pfeifer Property Management, LLC	\$ 355,020	1	1.51 %	\$ 71,674	8	0.64 %
TKG Wright County Center, LLC	262,180	2	1.12	292,856	1	2.60
Menards, Inc	199,900	3	0.85	178,592	2	1.58
Stellis Health Building Partnership, LLP	175,234	4	0.75	138,950	3	1.23
Gopher (Buffalo) LLC	155,272	5	0.66	-	-	-
Ryan Buffalo Land Company, LLC	149,244	6	0.64	95,342	6	0.85
Dayton Hudson Corp	139,364	7	0.59	-	-	-
Centerpoint Energy	139,360	8	0.59	-	-	-
Crossings of Buffalo LLC	139,284	9	0.59	-	-	-
Coborn Realty Group	133,612	10	0.57	-	-	-
Target Corporation	-	-	-	116,582	4	1.03
Individual	-	-	-	98,592	5	0.87
Minnegasco Inc	-	-	-	77,786	7	0.69
Monticello Athletic Club Inc	-	-	-	65,934	9	0.58
Hidden Cove Apartments	-	-	-	59,533	10	0.53
Total	<u>\$ 1,848,470</u>		<u>7.87 %</u>	<u>\$ 1,195,841</u>		<u>10.60 %</u>
Total Net Tax Capacity	<u>\$ 23,500,309</u>			<u>\$ 11,280,273</u>		

Source: Wright County

**CITY OF BUFFALO, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 5,839,678	\$ 5,808,279	99.46 %	\$ 31,399	\$ 5,839,678	100.00 %
2016	6,515,502	6,476,198	99.40	39,304	6,515,502	100.00
2017	7,336,615	7,318,294	99.75	18,321	7,336,615	100.00
2018	7,906,723	7,898,084	99.89	7,715	7,905,799	99.99
2019	8,027,464	7,998,613	99.64	27,803	8,026,416	99.99
2020	8,439,165	8,395,716	99.49	41,900	8,437,616	99.98
2021	8,859,177	8,811,640	99.46	45,693	8,857,333	99.98
2022	9,421,342	9,357,307	99.32	59,403	9,416,710	99.95
2023	10,233,585	10,115,447	98.85	92,766	10,208,213	99.75
2024	11,248,921	11,176,115	99.35	-	11,176,115	99.35

Source: City Records

**CITY OF BUFFALO, MINNESOTA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	City of Buffalo				Overlapping Rates				Total Direct and Overlapping Rates
	Operating	Debt Service	Referendum Mkt. Value	Total	Wright County	Operating	School District		
							Referendum Mkt. Value	Special Districts	
2015	26.924	24.845	-	51.769	40.593	35.375	0.12505	5.642	133.504
2016	25.561	29.277	-	54.838	39.970	34.489	0.12599	10.816	140.239
2017	30.271	29.338	-	59.609	39.599	32.887	0.1231	13.688	145.906
2018	31.210	28.869	-	60.079	39.946	32.471	0.12929	11.255	143.880
2019	33.56	24.143	-	57.703	44.273	30.953	0.12807	10.061	143.118
2020	31.105	24.706	-	55.811	44.421	29.184	0.24315	11.085	140.744
2021	29.589	24.667	-	54.256	43.719	27.2	0.2326	10.259	135.667
2022	31.703	23.331	-	55.034	43.751	26.343	0.2033	9.301	134.632
2023	30.785	19.777	-	50.562	37.848	21.575	0.193	10.263	120.441
2024	33.429	14.438	-	47.867	33.737	20.928	0.1687	9.298	111.999

Source: Wright County

* Tax Rates per \$1,000 of tax capacity

** Overlapping rates are those of local and county governments that apply to property owners within the City of Buffalo. Not all overlapping rates apply to all City of Buffalo property owners (e.g., the rates for special districts apply only to the proportion of the city's property owners whose property is located within the geographic boundaries of the special district).

**CITY OF BUFFALO, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Governmental Activities

Fiscal Year	Governmental Activities									
	General Obligation	General Obligation Revenue	Special Assessment	General Obligation Tax Abatement	Premiums	Finance Purchase Obligation	Subscription Liability	Lease Liability	Notes Payable	Total Governmental Activities
2015	\$ 21,010,000	\$ 6,016,540	\$ 15,000	\$ 5,215,000	\$ 429,827	\$ 727,542	\$ -	\$ -	\$ 98,080	\$ 33,511,989
2016	23,785,000	2,275,326	-	5,145,000	443,777	1,082,971	-	-	60,105	32,792,179
2017	19,690,000	2,083,112	-	5,265,000	389,165	792,305	-	-	20,464	28,240,046
2018	17,790,000	1,890,898	-	5,045,000	341,684	527,443	-	-	-	25,595,025
2019	22,170,000	1,686,751	-	1,855,000	1,159,399	1,257,410	-	-	-	28,128,560
2020	25,323,400	61,771	-	2,655,000	1,335,851	1,209,478	-	-	-	30,585,500
2021	21,113,400	46,815	-	2,555,000	1,005,886	1,356,813	-	-	-	26,077,914
2022	19,936,800	31,534	-	1,945,000	875,018	1,631,455	-	-	-	24,419,807
2023	18,160,200	15,928	-	6,160,000	1,006,971	1,072,426	190,671	37,587	-	26,643,783
2024	17,830,200	-	-	7,427,132	1,090,425	628,439	96,909	29,409	1,619,767	28,722,281

* Calculation made using population and personal income figures from Demographics and Economic Statistics Table.

Source: City Records

**CITY OF BUFFALO, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE (CONTINUED)
LAST TEN FISCAL YEARS**

Business-Type Activities										
General Obligation Bonds	General Obligation Revenue Bonds	Revenue Bonds	General Obligation Tax Abatement		Loans Payable	Finance Purchase Obligation	Total Business-Type Activities	Total Government	Percentage of Personal Income*	Per Capita*
\$ 5,895,000	\$ 56,175,836	\$ 4,170,000	\$ -	\$ 1,362,895	\$ -	\$ 985,100	\$ 68,588,831	\$ 102,100,820	23.45	\$ 6,334.19
4,890,000	55,256,256	4,855,000	3,250,000	1,255,634	-	1,455,633	70,962,523	103,754,702	22.36	6,386.08
3,705,000	57,565,606	4,425,000	3,135,000	1,288,743	-	1,592,125	71,711,474	99,951,520	18.88	6,065.39
3,040,000	56,414,541	8,060,000	2,990,000	1,198,469	-	1,211,804	72,914,814	98,509,839	16.80	5,949.38
2,220,000	54,304,246	7,450,000	2,845,000	1,792,560	-	744,773	69,356,579	97,485,139	15.79	5,847.94
3,361,600	51,193,226	6,645,000	2,695,000	1,604,627	534,658	625,017	66,659,128	97,244,628	15.59	5,793.89
2,996,600	47,963,183	5,705,000	2,540,000	1,031,654	426,399	296,265	60,959,101	87,037,015	12.83	5,274.33
2,253,200	44,553,464	4,715,000	-	741,890	-	-	52,263,554	76,683,361	11.57	4,541.78
789,800	45,489,070	3,810,000	-	932,002	-	-	51,020,872	77,664,655	11.80	4,675.50
519,800	44,210,000	6,335,000	-	1,044,952	-	-	52,109,752	80,832,033	^	^

^ Information not available for the 2024 year.

**CITY OF BUFFALO, MINNESOTA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds & Notes	Premiums/ (Discounts)	Less Amounts Available in Debt Service Funds ³	Net General Obligation Bonds & Notes	Percentage Actual Taxable Value of Property ¹	Per Capita ²
2015	\$ 95,137,998	\$ 1,792,722	\$ 9,233,387	\$ 87,697,333	9.1 %	\$ 5,469.80
2016	92,494,658	1,699,411	9,259,032	84,935,037	8.3	5,269.25
2017	89,121,487	1,677,908	6,803,376	83,996,019	7.9	5,169.94
2018	87,697,882	1,540,153	6,750,541	82,487,494	7.2	5,005.61
2019	86,338,407	2,951,959	3,640,292	85,650,074	7.0	5,172.73
2020	86,499,475	2,940,478	4,805,868	84,634,085	6.4	5,077.03
2021	78,571,811	2,037,540	5,959,006	74,650,345	5.2	4,447.71
2022	70,351,453	1,616,908	5,674,877	66,293,484	4.3	4,017.30
2023	71,687,424	1,938,973	5,902,357	67,724,040	3.7	4,011.14
2024	72,235,338	2,135,377	4,701,767	69,668,948	3.3	4,194.15

Source: City Records

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

¹ See the Schedule of Tax Capacity, Market Value and Estimated Actual Value of Taxable Property for property value data

² Calculated using population figure from Demographics and Economic Statistics Table.

³ The City is using governmental activities net position restricted for debt service. We believe this to be the best amount available to present a consistent net amount when refunding bonds are held for payment, which are not restricted on entity-wide financial statements due to conversion to full accrual accounting.

**CITY OF BUFFALO, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2024**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>Estimated Share of Overlapping Debt</u>
City Direct Debt	\$ 28,722,281	100.00%	\$ 28,722,281
Overlapping Debt:			
Wright County	119,360,000	8.4%	10,026,240
Independent School District No 877	74,120,000	45.9%	34,021,080
Total Overlapping Debt			<u>44,047,320</u>
Total Direct and Overlapping Debt			<u>\$ 72,769,601</u>

Source: Wright County and School District #877

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

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. 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. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

**CITY OF BUFFALO, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt Limit	\$ 29,752,980	\$ 31,640,628	\$ 34,529,199	\$ 34,529,199	\$ 39,433,062	\$ 42,473,052	\$ 43,418,532	\$ 46,021,172	\$ 56,625,999	\$ 64,706,001
Total Net Debt Applicable to Limit	26,905,000	28,675,000	23,395,000	20,830,000	24,390,000	28,685,000	24,110,000	22,190,000	18,950,000	18,350,000
Legal Debt Margin	<u>\$ 2,847,980</u>	<u>\$ 2,965,628</u>	<u>\$ 11,134,199</u>	<u>\$ 13,699,199</u>	<u>\$ 15,043,062</u>	<u>\$ 13,788,052</u>	<u>\$ 19,308,532</u>	<u>\$ 23,831,172</u>	<u>\$ 37,675,999</u>	<u>\$ 46,356,001</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	90.43%	90.63%	67.75%	60.33%	61.85%	67.54%	55.53%	48.22%	33.47%	28.36%

Source: City Records

Legal Debt Margin Calculation for Fiscal Year 2024	
Market Value	\$ 2,156,866,700
Debt Limit (3% of Market Valuation)	<u>64,706,001</u>
Debt Applicable to Limit:	
General Obligation Bonds	76,322,132
Amount Available for Repayment of Debt	<u>(57,972,132)</u>
Total Net Applicable to Limit	<u>18,350,000</u>
Legal Debt Margin	<u>\$ 46,356,001</u>

**CITY OF BUFFALO, MINNESOTA
PLEGDED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Revenue Bonds ¹						
Fiscal Year	Operating Revenues ²	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2015	\$ 17,486,011	\$ 12,564,631	\$ 4,921,380	\$ 2,551,786	\$ 2,656,866	0.94
2016	18,368,850	12,866,450	5,502,400	2,676,786	2,315,902	1.10
2017	19,060,483	13,302,661	5,757,822	2,131,786	2,274,288	1.31
2018	22,237,272	14,728,165	7,509,107	2,571,786	2,217,115	1.57
2019	22,256,852	14,412,443	7,844,409	4,306,053	2,219,531	1.20
2020	23,162,369	15,537,161	7,625,208	4,271,020	2,184,846	1.18
2021	27,259,514	18,667,415	8,592,099	6,430,043	1,424,448	1.09
2022	29,475,350	20,453,067	9,022,283	4,415,000	1,738,197	1.47
2023	31,196,137	21,749,550	9,446,587	4,545,000	1,687,372	1.52
2024	29,572,219	20,137,658	9,434,561	2,230,000	1,543,671	2.50

Note 1: Details regarding the government's outstanding debt can be found in the notes of the financial statements.

Note 2: The 2015 principal payments do not include the refunded portion of bonds paid.

¹ Includes Electric, Water and Wastewater Revenue Bonds.

² Operating revenue includes interest income, connection fees, and miscellaneous revenues.

³ Expenses exclude depreciation and miscellaneous expense but includes interest expense.

⁴ Does not include refunded portion of bonds paid.

**CITY OF BUFFALO, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Year	Population ¹	Personal Income ²	Per Capita Personal Income ²	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
2015	16,033	\$ 435,311,983	\$ 27,151	34.6	5,664	7.0
2016	16,119	463,985,415	28,785	33.9	5,694	5.9
2017	16,247	529,294,766	32,578	33.9	5,672	4.6
2018	16,479	586,487,610	35,590	35.0	5,695	5.1
2019	16,558	617,365,030	37,285	36.5	5,653	5.0
2020	16,670	623,724,720	37,416	36.5	5,327	5.1
2021	16,784	678,593,904	40,431	37.1	5,261	4.5
2022	16,502	662,522,296	40,148	38.3	5,313	3.6
2023	16,884	658,003,248	38,972	38.7	5,282	2.7
2024	16,611	*	*	*	5,175	*

* Information not available for the 2024 year.

¹ **Source:** United States Census Bureau, Estimate

² **Source:** United States Census Bureau, American Community Survey

³ **Source:** Minnesota Department of Education

⁴ **Source:** Bureau of Labor Statistics

**CITY OF BUFFALO, MINNESOTA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2024			2015		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
I.S.D. No. 877 (Buffalo-Hanover-Montrose)	980	1	1.13 %	753	2	1.12 %
Wright County	947	2	1.09	863	1	1.29
Walmart Supercenter	350	3	0.40	350	5	0.52
Buffalo Hospital	326	4	0.37	536	3	0.80
Functional Industries, Inc.	285	5	0.33	456	4	0.68
Park View Care Center	200	6	0.23	200	7	0.30
Cub Foods	195	7	0.22	195	8	0.29
The City	140	8	0.16			
Menards	140	9	0.16	150	10	0.22
Stellis Health - Buffalo Clinic	130	10	0.15	250	6	0.37
Lake Ridge Care Center				168	9	0.25
Total	<u>3,693</u>			<u>3,921</u>		
Total Employees in Wright County	<u>86,958</u>			<u>67,089</u>		

Sources: Data Axle Reference Solutions, and the Minnesota Department of Employment and Economic Development.

**CITY OF BUFFALO, MINNESOTA
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS**

FUNCTION/PROGRAM	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government	10.88	11.83	11.67	10.38	10.12	15.18	13.86	15.42	16.50	20.25
Public Safety:										
Police:										
Officers	18.00	17.81	17.73	17.19	17.51	17.79	18.20	17.24	18.09	22.98
Civilians	2.47	2.50	2.52	3.01	3.02	3.30	3.05	3.45	3.18	3.00
Fire:										
Fire Administration	0.14	0.13	0.13	0.14	0.14	0.86	1.00	1.00	1.00	1.00
Paid On-Call Volunteers	2.40	2.45	2.84	2.69	2.75	2.87	2.91	2.79	2.81	2.74
Public Works:										
Engineering	2.00	1.09	1.01	1.00	1.01	1.04	1.04	1.63	2.00	1.92
Maintenance	13.50	14.71	16.51	15.65	16.22	16.76	7.93	8.12	9.91	9.15
Culture and Recreation	18.83	18.04	17.60	18.20	27.24	24.58	26.95	20.87	21.45	20.89
Municipal Liquor	11.76	11.88	11.66	11.61	11.19	14.25	11.78	11.36	11.25	11.80
Electric	12.07	11.16	12.03	12.14	14.70	15.77	11.44	16.67	15.18	16.35
Sewer	5.87	6.11	7.68	7.61	7.83	8.76	8.44	8.50	7.22	7.60
Water	6.61	6.48	6.40	5.44	5.57	6.32	7.50	7.65	7.14	7.47
Total	<u>104.52</u>	<u>104.21</u>	<u>107.78</u>	<u>105.07</u>	<u>117.30</u>	<u>127.47</u>	<u>114.10</u>	<u>114.70</u>	<u>115.73</u>	<u>125.15</u>

Source: City of Buffalo Finance Department

**CITY OF BUFFALO, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

FUNCTION/PROGRAM	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government										
Planning:										
# of Land Use Applications	31	29	24	27	22	25	25	14	22	20
Building/Environmental:										
# of Permits Issued	761	775	607	693	774	1,245	1,437	878	1,087	907
Valuation of Permits (thousands of dollars)	\$ 43,837,011	\$ 35,938,117	\$ 29,568,469	\$ 65,620,220	\$ 95,659,701	\$ 54,587,171	\$ 60,280,845	\$ 31,832,452	\$ 50,549,940	\$ 44,356,418
Public Safety										
Police:										
# of police calls	10,993	11,744	12,055	10,707	12,248	11,953	11,563	12,602	13,342	13,263
# of traffic citations	843	387	474	422	299	412	378	296	426	268
Fire:										
# of fire calls	180	244	221	225	270	251	272	299	261	305
Public Works										
Snowplowing (hours)	1,389	1,376	1,374	2,383	4,764	2,231	1,747	2,804	1,956	705
Culture and Recreation:										
Golf Course (rounds)	22,021	21,729	22,104	20,321	20,462	28,986	20,622	-	-	-
Park Shelter Rentals	80	75	69	63	60	35	80	81	106	99
Ice Arena Usage (hours)	*	3,043	2,887	3,150	2,876	2,262	2,262	2,814	2,602	3,804
Electric										
Number of Customers	5,902	5,953	5,980	6,046	6,111	6,287	6,330	6,435	6,465	6,920
Annual Wholesale Energy (thousands of KWh's)	117,856	119,170	115,949	118,992	117,313	123,563	123,100	122,576	121,621	115,654
Annual Peak Demand (KW)	26,178	27,971	27,799	28,065	28,225	29,194	30,946	24,617	20,463	19,738
Sewer										
Number of Customers	5,180	5,221	5,270	5,331	5,391	5,447	5,353	5,438	5,389	5,573
Water										
Number of Customers	5,180	5,221	5,270	5,331	5,391	5,447	5,417	5,482	5,549	5,660
Average daily consumption (thousands of gallons)	1,728	1,982	1,976	1,892	1,850	1,940	1,225	1,121	1,644	1,410

Source: All statistics from various City of Buffalo, Minnesota departments.

* Data not available prior to 2016

Note: Indicators are not available for some departments due to their function.

**CITY OF BUFFALO, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety:										
Police:										
# of Stations	1	1	1	1	1	1	1	1	1	1
# of Patrol Cars/Vehicles	10	11	10	9	9	11	12	12	14	14
Fire:										
# of Stations	2	2	2	2	2	2	2	2	2	2
Public Works:										
Streets										
# of Miles	70	70	71	71	72	73	75	75	81	81
Storm Sewer										
# of Miles	65	65	65	65	65	65	66	66	70	70
Culture and Recreation										
Parks										
# of Parks	29	29	29	30	30	30	30	30	30	30
# of Acres Managed	164	164	164	165	165	165	165	165	165	165
Golf Course										
# of Acres Managed	174	174	174	174	174	174	174	-	-	-
Utilities										
Electric:										
# of distribution stations	1	1	1	1	1	1	1	1	1	1
# of miles electric distribution	123	129	129	133	134	136	146	146	150	150
Fiber Optic:										
# of miles fiber optic	29	29	30	31	34	37	45	45	56	79
Sewer:										
# of miles (sanitary sewer)	78	78	78	78	78	78	79	79	81	81
# of miles (forcemain)	18	18	18	18	18	18	18	18	19	19
# of lift stations	27	27	27	27	27	27	27	27	27	27
Maximum daily treatment capacity (thousands of gallons)	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320
Water:										
# of miles (watermain)	98	98	99	99	99	99	100	100	103	103
# of wells	5	5	5	5	5	5	5	5	5	5
# of towers	5	5	5	5	5	5	5	5	5	5
Maximum daily capacity (thousands of gallons)	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400
Municipal Liquor										
# of stores	2	2	2	2	2	2	2	2	2	2

Source: All statistics from various City of Buffalo, Minnesota departments.

Note: Numerous departments do not have capital specific to their area and have, therefore, been eliminated from this exhibit.

FORM OF LEGAL OPINION

(See following pages)

PROPOSED FORM OF LEGAL OPINION

§ _____
GENERAL OBLIGATION STREET RECONSTRUCTION
AND UTILITY BONDS, SERIES 2026A
CITY OF BUFFALO
WRIGHT COUNTY
MINNESOTA

We have acted as bond counsel in connection with the issuance by the City of Buffalo, Wright County, Minnesota (the "Issuer"), of its § _____ General Obligation Street Reconstruction and Utility Bonds, Series 2026A, bearing a date of original issue of May 28, 2026 (the "Bonds"). We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon such examinations, and assuming the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such documents, and the accuracy of the statements of fact contained in such documents, and based upon present Minnesota and federal laws (which excludes any pending legislation which may have a retroactive effect on or before the date hereof), regulations, rulings and decisions, it is our opinion that:

(1) The proceedings show lawful authority for the issuance of the Bonds according to their terms under the Constitution and laws of the State of Minnesota now in force.

(2) The Bonds are valid and binding general obligations of the Issuer, and all of the taxable property within the Issuer's jurisdiction is subject to the levy of an ad valorem tax to pay the same without limitation as to rate or amount; provided that the enforceability (but not the validity) of the Bonds and the pledge of taxes for the payment of the principal and interest thereon is subject to the exercise of judicial discretion in accordance with general principles of equity, to the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

(3) At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bonds is excluded from gross income for United States income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes and from both gross income and taxable net income for State of Minnesota income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income and taxable net income retroactive to the date of issuance of the Bonds.

We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur and be retroactive.

TAFT STETTINIUS & HOLLISTER LLP

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE UNDERTAKING

(See following pages)

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by the City of Buffalo, Minnesota (the "Issuer"), in connection with the issuance of its \$ _____ General Obligation Street Reconstruction and Utility Bonds, Series 2026A (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted on May 4, 2026 (the "Resolution"). Pursuant to the Resolution and this Disclosure Undertaking, the Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Issuer for the benefit of the Owners and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any annual financial information provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

"Audited Financial Statements" shall mean the financial statements of the Issuer audited annually by an independent certified public accounting firm, prepared pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, modified by governmental accounting standards promulgated by the Government Accounting Standards Board.

"Dissemination Agent" shall mean such party from time to time designated in writing by the Issuer to act as information dissemination agent and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). This term shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" shall be the fiscal year of the Issuer.

"Governing Body" shall, with respect to the Bonds, have the meaning given that term in Minnesota Statutes, Section 475.51, Subdivision 9.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Occurrence(s)" shall mean any of the events listed in Section 5 of this Disclosure Undertaking.

"Official Statement" shall be the Official Statement dated _____, 2026, prepared in connection with the Bonds.

"Owners" shall mean the registered holders and, if not the same, the beneficial owners of any Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Resolution" shall mean the resolution or resolutions adopted by the Governing Body of the Issuer providing for, and authorizing the issuance of, the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time or interpreted by the Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports.

A. If Audited Financial Statements of the Issuer for the Fiscal Year ended December 31, 2025, are not included in the Final Official Statement, then the Issuer shall provide, or shall cause the Dissemination Agent to provide, to the MSRB by filing at www.emma.msrb.org, together with such identifying information as prescribed by the MSRB, an Annual Report consisting only of Audited Financial Statements for such Fiscal Year that are consistent with the requirements of Section 4B of this Disclosure Undertaking by not later than December 31, 2026.

B. Beginning in connection with the Fiscal Year ending on December 31, 2026, the Issuer shall, or shall cause the Dissemination Agent to provide to the MSRB by filing at www.emma.msrb.org, together with such identifying information as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking by not later than December 31, 2027, and by December 31 of each year thereafter.

C. If the Issuer is unable to provide to the MSRB an Annual Report by the dates required in subsections A or B, the Issuer shall send a notice of such delay and estimated date of delivery to the MSRB.

SECTION 4. Content and Format of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the financial information and operating data pertaining to the Issuer listed below as of the end of the preceding Fiscal Year. The Annual Report may be submitted to the MSRB as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Disclosure Undertaking.

The following financial information and operating data shall be supplied:

A. An update of the operating and financial data of the type of information contained in the Official Statement under the captions: Current Property Valuations; Direct Debt; Tax Levies and Collections; US Census Data/Population Trend; and Employment/Unemployment Data.

B. Audited Financial Statements of the Issuer. The Audited Financial Statements of the Issuer may be submitted to the MSRB separately from the balance of the Annual Report. In the event Audited Financial Statements of the Issuer are not available on or before the date for filing the Annual Report with the MSRB as set forth in Section 3.A. above, unaudited financial statements shall be provided as part of the Annual Report. The accounting principles pursuant to which the financial statements will be prepared will be pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, as such principles are modified by the governmental accounting standards promulgated by the Government Accounting Standards Board, as in effect from time to time. If Audited Financial Statements are not provided because they are not available on or before the date for filing the Annual Report, the Issuer shall promptly provide them to the MSRB when available.

SECTION 5. Reporting of Significant Events. This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and,
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

Whenever an event listed above has occurred, the Issuer shall promptly, which may not be in excess of the ten (10) business days after the Occurrence, file a notice of such Occurrence with the MSRB, by filing at www.emma.msrb.org, together with such identifying information as prescribed by the MSRB.

The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of a failure by the Issuer to provide the Annual Reports described in Section 4.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if (a) a change in law or change in the ordinary business or operation of the Issuer has occurred, (b) such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, and (c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially impair the interests of Owners.

SECTION 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of an Occurrence, in addition to that which is required by this Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of an Occurrence in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of an Occurrence.

SECTION 10. Default. In the event of a failure of the Issuer to provide information required by this Disclosure Undertaking, any Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations to provide information under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Reserved Rights. The Issuer reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 8 hereof, to modify the undertaking under this Disclosure Undertaking if the Issuer determines that such modification is required by the Rule or by a court of competent jurisdiction.

Dated: May 28, 2026.

CITY OF BUFFALO, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

TERMS OF PROPOSAL

**\$9,550,000* GENERAL OBLIGATION STREET RECONSTRUCTION
AND UTILITY BONDS, SERIES 2026A
CITY OF BUFFALO, MINNESOTA**

Proposals for the purchase of \$9,550,000* General Obligation Street Reconstruction and Utility Bonds, Series 2026A (the "Bonds") of the City of Buffalo, Minnesota (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, municipal advisors to the City, until 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:30 A.M., Central Time, on May 4, 2026, at which time they will be opened, read and tabulated. The proposals will be presented to the City Council for consideration for award by resolution at a meeting to be held at 7:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all proposals are rejected.

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Section 475.58, subd. 3b, and Chapters 444 and 475, as amended, by the City, for the purposes of financing certain street reconstruction projects described in the City's Five-Year Street Reconstruction and Overlay Plan, dated October 6, 2025, and various utility improvements within the City. The Bonds will be general obligations of the City for which its full faith and credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated May 28, 2026, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2028	\$175,000	2035	\$425,000	2042	\$565,000
2029	350,000	2036	440,000	2043	585,000
2030	360,000	2037	460,000	2044	610,000
2031	375,000	2038	480,000	2045	630,000
2032	385,000	2039	495,000	2046	665,000
2033	400,000	2040	515,000	2047	695,000
2034	405,000	2041	535,000		

ADJUSTMENT OPTION

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth herein. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2027, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2028 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT

The City has selected Bond Trust Services Corporation, Minneapolis, Minnesota ("BTSC") to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2037 shall be subject to optional redemption prior to maturity on February 1, 2036 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about May 28, 2026, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Taft Stettinius & Hollister LLP, Minneapolis, Minnesota, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

By expressing its opinion, Bond Counsel is expressing its professional judgment and does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the applicability of any such state and local taxes.

STATEMENT REGARDING BOND COUNSEL PARTICIPATION

Bond Counsel has neither been engaged nor undertaken to prepare or independently verify the accuracy of any portion of the Official Statement, including the financial or operational information of the Issuer and risks associated with the purchase of the Bonds, except for statements under "TAX EXEMPTION" herein that summarize certain provisions of the Internal Revenue Code of 1986, as amended, the Bonds and any opinion rendered by Bond Counsel. Bond Counsel has prepared the form of legal opinion attached hereto as "APPENDIX B – FORM OF LEGAL OPINION."

SUBMISSION OF PROPOSALS

Proposals must not be for less than \$9,435,400 plus accrued interest on the principal sum of \$9,550,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 10:30 A.M., Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$191,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds shall not be "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Terms of Proposal to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The City shall disseminate this Terms of Proposal to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive proposals from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Terms of Proposal.

Any proposal submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in this proposal.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the winning bidder. In such event, any proposal submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the winning bidder on its proposal form to determine the issue price for the Bonds. On its proposal form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the proposal submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(f) By submitting a proposal, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Terms of Proposal. Further, for purposes of this Terms of Proposal:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Underwriter (Syndicate Manager) will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, Telephone (651) 697-8500.

By Order of the City Council

City of Buffalo, Minnesota

PROPOSAL FORM

The City Council
City of Buffalo, Minnesota (the "City")

May 4, 2026

RE: \$9,550,000* General Obligation Street Reconstruction and Utility Bonds, Series 2026A (the "Bonds")
DATED: May 28, 2026

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ (not less than \$9,435,400) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

Table with 3 columns of interest rates and maturity years (2028-2042).

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2028 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$191,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about May 28, 2026.

This proposal is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the City with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ___ NO: ___.

If the competitive sale requirements are not met, we elect to use either the: ___ 10% test, or the ___ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: ___ By: ___
Account Members: ___

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from May 28, 2026 of the above proposal is \$ ___ and the true interest cost (TIC) is ___%.

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of Buffalo, Minnesota, on May 4, 2026.

By: ___ Title: ___
By: ___ Title: ___