



CITY OF BAXTER, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT BAXTER, MINNESOTA - YEAR ENDED DECEMBER 31, 2019

PREPARED BY: Department of Finance

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INTRODUCTORY SECTION



July 30, 2020

Honorable Mayor and Members of the City Council
City of Baxter

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Baxter (City) for the fiscal year ended December 31, 2019. *Minnesota Statutes* require cities to issue an annual report on its financial position and activity prepared in accordance with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. BerganKDV, Ltd., performed the audit for the fiscal year ended December 31, 2019. The unmodified (“clean”) opinion has been included as the first component of the financial section of this CAFR.

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 has been 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 material misstatements.

Management’s discussion and analysis (MD&A) immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY

The City of Baxter, established in 1939, is located approximately 125 miles northwest of the Minneapolis-St. Paul metropolitan area in Crow Wing County. The City encompasses 20.3 square miles and serves a residential population of 8,478. The City is empowered to levy a property tax on both real and personal properties located within its boundaries.

The City operates under a Mayor-Council form of government. Policy making and legislative authority are vested in a city council consisting of the mayor and four other members. Council responsibilities include, among other things: passing ordinances, adopting the budget, appointing committees, and hiring a city administrator. The city administrator is responsible for carrying out council policies and ordinances and overseeing day-to-day operations. The council is elected on a non-partisan basis in four-year staggered terms.

The City provides a full range of municipal services including police, contracted fire, water, sewer, storm water, construction and maintenance of parks and streets, planning and economic development, recreation and cultural activities, and general administration.

This CAFR presents the financial status of the City and its component unit. Component units are separate legal entities included in this report due to significant operational or financial relationships with the City. The Economic Development Authority (EDA) of Baxter is reported on a blended basis as part of the primary government because their board is composed of all City council members and they provide services entirely to the City. The City does not report any discretely presented component units.

The annual budget is the foundation of the City's financial planning and control. With input from all departments, the finance department prepares proposed budgets for the general fund, most special revenue funds, debt service fund, and select capital project funds. The proposed budget is then presented to the city council in August, who then hold work sessions and public hearings, and adopt the final budget prior to December 31st.

The annual budget is prepared by fund, function, and department. Transfers between funds are approved by the council. Budget-to-actual comparisons are provided in this report for the general fund, debt service fund and each individual special revenue fund for which an annual budget has been adopted. Major fund budget comparisons begin on page 21 and 70; nonmajor special revenue fund budgetary comparisons begin on page 77.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

Baxter is the regional retail and service center of the beautiful central lakes area of Minnesota with over half of its tax base comprising of the commercial sector. The region is the home to the Whitefish Chain of Lakes, Gull Lake and 475 other lakes and has a permanent population of more than 65,000. A significant source of employment and revenue in the area is related to primarily summer tourism, and the area is home to six world-class resort and conference centers. With the interregional corridors of state highways 371 and 210 intersecting within the City, other significant area employers include major retailers, public school and college systems, health care providers, construction companies, and State agencies.

The City has seen renewed commercial and residential building activity after the extended economic downturn of the 2008 recession. The City once again has planned and completed infrastructure investments, including pavement management to better preserve existing infrastructure. With the onset of the Covid-19 pandemic in 2020, the City currently is monitoring the financial impact the pandemic will have on the City and will adjust operating and capital budgets accordingly.

Relevant Financial Policies and Long-term Financial Planning

The City attempts to program the future purchase of smaller capital equipment by building equity in related capital project funds to relieve the burden incurred in the year of acquisition. For significant infrastructure projects, the City traditionally issues debt, using revenue from identified beneficiaries as the source of repayment. In recent years, the City has begun to set aside funding from a variety of sources for anticipated future infrastructure projects. The City has achieved a Moody's credit rating of Aa3 by regularly repaying debt early; maintaining healthy fund balances; funding debt with special assessment, sales tax, water and sewer alternative revenue sources; and applying sound financial management practices.

The City has maintained 203 to 255 days expenditures in unassigned fund balance in its General Fund for the last ten years. This has enabled the City to maintain adequate cash reserves to operate without short-term borrowing until property tax revenues are received in late June, July, and December.

Major Initiatives

The City continues to refine its Capital Improvement Plan (CIP) to address planned infrastructure development and maintenance needs. In addition to the CIP, the City has recently completed or is planning to complete the following projects:

- Lift Station Rehabilitations – As existing infrastructure begins to age, the City has scheduled rehabilitations of its sewer lift stations to maximize the useful life and avoid service delivery problems. For the past several years, the City has rehabilitated one to two sewer lift stations per year. Beginning in 2019 and scheduled for completion in 2020, the City plans to rehabilitate lift station number eleven on Glory Road. As part of the proposed Jasperwood Area improvements near the new elementary school, improvements to lift stations twelve and 23 and the sanitary sewer mains between the two lift stations started in 2019 and are planned to be finished in 2020. The project, known as the “South Sewer Interceptor improvements”, eventually will reroute the sanitary sewage that originates in south Baxter, reducing the number of lift stations the sewage flows through to be processed at the wastewater treatment plant. The project is being financed with sales tax proceeds.

Work on the reroute project of lift station three, started in December 2017, is scheduled to be finalized in 2020. The reroute project is designed to alleviate some of the capacity issues being faced with the lift station’s current configuration. The lift station rehabilitations are paid with related sewer utility revenues.

- Water Treatment Plant Improvements – To improve the efficiency and quality of the water treated by the City, water treatment plant improvements are taking place. In 2019, \$255,000 was spent to replace water treatment plant media for filters two and four and filter computer consoles totaling \$23,000 were replaced. A \$334,000 generator project for the water treatment plant was completed and a mixer was added to the north water tower. A sludge pad at the water treatment plant is being reconstructed in conjunction with Jasperwood Area improvement and is anticipated to be completed in 2020. The projects have been and will be funded with related water utility revenues.
- North Water Tower Reconditioning and Painting – The City’s north water tower, one of three in the City, was originally erected in 1997. Rehabilitation and painting of the 750,000-gallon water tower began in 2018 and was substantially completed in 2019. The \$1,113,000 project was funded by the water enterprise fund.
- Storm Water Management – As part of the City’s storm water management, a culvert project on Inglewood Drive was constructed in 2019 to mitigate local flooding. For 2020, construction of the next phase of the Section 6 storm water outlet project is planned and \$500,000 is budgeted for land acquisition and the first phase of the Excelsior commercial storm pond project. As part of the North Forestview project in 2020, \$530,000 of storm water outlet improvements are being constructed from Highland Scenic Road to the Mississippi River. Funding for the projects are from a combination of sales tax proceeds, storm water enterprise fund revenues, and the City’s property tax debt service levy for the portions financed with bonds in 2020.
- Pavement Management Program (PMP) – In 2019, the City continued its plan to maintain City streets in a manner that will best preserve City and citizen resources. Street rehabilitation through the full depth reclamation process began in 2019 and is anticipated to be completed in 2020 on the following city streets: Memorywood Drive, Fairview Road, Industrial Park Road, Greenwood Road, Basswood Road, and Knollwood Drive. The projects were funded primarily through special assessments to the benefited properties, along with city cash on hand. The balance of the City’s contribution was funded with the 2019 bond issue and will be repaid through the City’s property tax debt service levy.

The 2018 PMP for various City residential and commercial streets was completed in 2019. The PMP is ongoing with additional residential and commercial streets slated for future improvements.

- Cypress Drive Project – Construction of the street and utility improvements to expand Cypress Drive between Excelsior Road and College Road to a four-lane street was substantially completed at the end of 2019. Cypress Drive serves as a parallel alternative to the Highway 371 interregional corridor connecting Excelsior Road to College Road with a new signalized intersection at Highway 210, a new railroad crossing, and roundabout intersections at Excelsior Road and College Road. The street provides a continuous route from Clearwater Road at the north to Hinckley Road in the City’s industrial park to the south.

Continued economic development in the City’s industrial park will occur with the improved access. Federal and state aid funded approximately \$9.4 million of the estimated \$16.3 million project. Other funding sources included: special assessments to benefiting properties, local option sales tax, tax increment financing proceeds, and contributions from the City’s general fund, collector street fund, and its enterprise funds.

- Jasperwood Area Street and Utility Improvements to Serve the New Baxter Elementary School and Forestview Middle School – In cooperation with Independent School District 181 (ISD181) in 2019, the City of Baxter facilitated the construction of street and utility improvements to Jasperwood Drive and Mapleton Road to service the new elementary school scheduled to be completed in the fall 2020. The City sold approximately 40.7 acres of property to the school district near the current Forestview Middle School in 2019. The street and utility improvements are scheduled to be completed in 2020, along with proposed street improvements to Knollwood Drive to accommodate improved traffic flow near Forestview Middle School. ISD181 is paying for its portion of the improvements through a prepaid special assessment. The City financed its portion of the project with proceeds from the land sale, sales tax proceeds, and a property tax debt service levy from bonds sold in 2019.
- North Forestview Street and Utility Improvements – Street and utility improvements to service the North Forestview area were bid and approved in early 2020. In addition to providing reconstructed streets and municipal water and sanitary sewer service to the residential neighborhood, a sanitary sewer interceptor line, water main, and storm water outlet improvements are being constructed as part of the project. The sewer interceptor line will provide a direct, more efficient route from the wastewater treatment plant to serve south Baxter, including the new elementary school and proposed Knute Nelson senior development planned for 2021. The interceptor will reduce the sanitary sewer flow at some of the City’s other lift stations.

The 16-inch water main will cross under TH 371 to link the water treatment plant to the North Forestview neighborhood and provide a future path to connect to the City’s east water tower. To provide for looping of the City’s water, a 12-inch water main will be extended from the North Forestview neighborhood to the intersection of Highland Scenic Road and Berrywood Drive, where water service already exists.

Over one-half of the estimated \$11 million project is being financed by cash on hand from sales tax proceeds, the City’s Collector Street Fund, and related enterprise funds. Special assessments and a property tax debt service levy from bonds planned to be sold in 2020 will provide the balance of funding.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Baxter for its comprehensive annual financial report for the fiscal year ended December 31, 2018. This was the eighth consecutive year that the City has achieved this prestigious award.

To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual 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. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a Certificate of Achievement.

Respectfully submitted,



Jeremy S. Vacinek
Finance Director



Susannah Jensen, CPA
Assistant Finance Director



Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

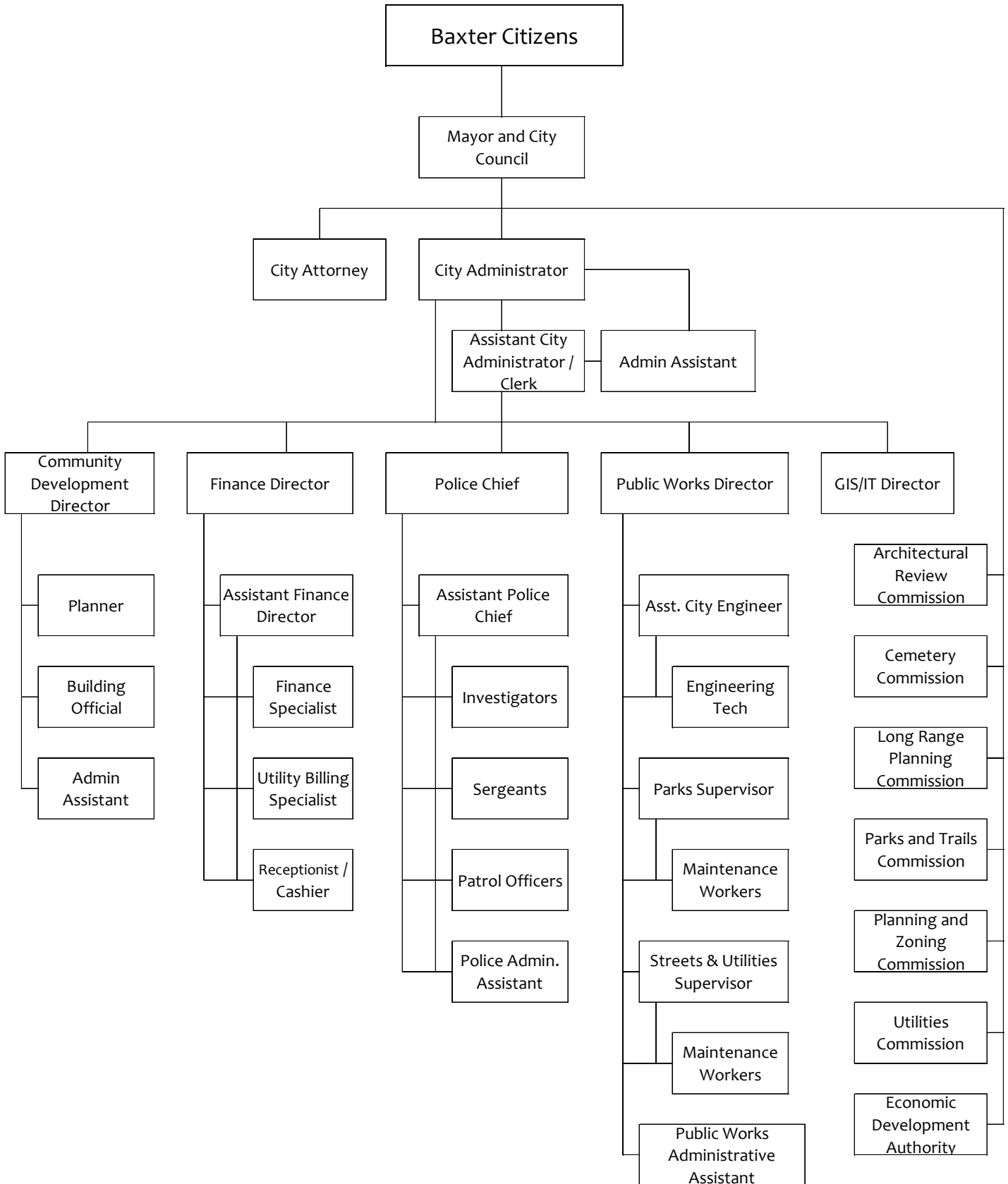
**City of Baxter
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO



Office	Name	Elected Term Expires*
Elected		
Mayor	Darrel Olson	2021
City Council	Mark Cross	2021
	Todd Holman**	2021
	Connie Lyscio	2023
	Zach Tabatt	2023
Appointed		
City Administrator	Bradley Chapulis	
Assistant City Administrator/Clerk	Kelly Steele	
Community Development Director	Joshua Doty	
Finance Director	Jeremy S. Vacinek	
Police Chief	James Exsted	
Public Works Director	Trevor Walter	
Contractual		
City Attorney	J. Brad Person	
Auditor	BerganKDV	

*Terms expire on the first official business day in January.

**Vice-Mayor

FINANCIAL SECTION

Independent Auditor's Report

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

Report on the Financial Statements

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 Baxter, Minnesota, as of and for the year ended December 31, 2019, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to on the previous page 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 of Baxter, Minnesota, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund, the Economic Development Authority Fund and the Sales of Tax Collection Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Baxter's basic financial statements. The introductory section, combining and individual fund schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2020, on our consideration of the City of Baxter's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Baxter's internal control over financial reporting and compliance.

BergankDV, Ltd.

St Cloud, Minnesota
July 30, 2020

This section of the City of Baxter's (City) comprehensive annual financial report presents a discussion and analysis of the City's financial performance during the fiscal year that ended on December 31, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the basic financial statements following this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2019 include the following:

- City-wide net position increased 7.7% over the prior year due to significant intergovernmental revenue.
- Total revenues for the year increased \$3,947,725 from 2018; total expenses increased \$2,931,842 from the prior year.
- Governmental fund-level revenues totaled \$22,317,364 and were \$2,476,702 less than expenditures before other financing sources and uses.
- Governmental funds' fund balance increased \$1,260,726 from 2018.
- The Water Enterprise Fund net position increased \$1,257,091 from the prior year; the Sewer Enterprise Fund net position increased \$221,380 from the prior year; the Storm Water Enterprise Fund net position increased \$2,584,569 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other 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 a private-sector business. They can be found on pages 15-16 of this report.

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 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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, sanitation, culture and recreation, and economic and community development. The business-type activities of the City include water, sewer, and storm water.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five individual major 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, two special revenue funds, debt service fund and capital project fund, all of which are considered to be major funds. Data from the other special revenue funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund, debt service fund, and some special revenue funds. A budgetary comparison has been provided for those funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-24 of this report.

- **Proprietary Funds** – The City reports three proprietary funds, all of which are considered to be major funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and storm water utilities. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 25-28 of this report.

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-63 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's other postemployment benefits and retirement obligations to its employees. Required supplementary information can be found on pages 64-69 of this report.

Combining and individual fund schedules can be found on pages 70-92 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's overall net position was \$132,561,551 on December 31, 2019 (see Table A-1).

**Table A-1
 The City's Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 43,076,575	\$ 41,105,713	\$ 13,815,409	\$ 13,232,958	\$ 56,891,984	\$ 54,338,671
Capital Assets	52,058,525	48,522,989	58,939,268	56,057,290	110,997,793	104,580,279
Total Assets	95,135,100	89,628,702	72,754,677	69,290,248	167,889,777	158,918,950
Total Deferred Outflows of Resources	1,367,663	1,762,099	23,802	55,846	1,391,465	1,817,945
Current Liabilities	5,401,056	5,199,377	754,058	793,393	6,155,114	5,992,770
Long-Term Liabilities	25,030,362	24,498,982	3,297,977	3,860,999	28,328,339	28,359,981
Total Liabilities	30,431,418	29,698,359	4,052,035	4,654,392	34,483,453	34,352,751
Total Deferred Inflows of Resources	2,167,781	3,198,375	68,457	96,755	2,236,238	3,295,130
Net Position						
Net Investment in Capital Assets	32,179,380	29,363,935	55,329,045	51,943,906	82,736,425	76,085,174
Restricted	28,486,012	26,967,826	-	-	28,486,012	26,967,826
Unrestricted	3,238,172	2,162,306	13,328,942	12,651,041	21,339,114	20,036,014
Total Net Position	\$ 63,903,564	\$ 58,494,067	\$ 68,657,987	\$ 64,594,947	\$ 132,561,551	\$ 123,089,014

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONTINUED)

Changes in Net Position

The City-wide total revenues were \$27,865,818 for the year ended December 31, 2019. Property taxes and special assessments accounted for 63.5% of total revenue for the year; sales tax accounted for 10.4% of total revenue for the year. Governmental activities fees, charges, fines, and other revenues increased \$78,646 (see Table A-2).

**Table A-2
Change in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
<u>Program Revenues</u>						
Fees, Charges, Fines, and Other	\$ 1,361,886	\$ 1,269,041	\$ 3,310,295	\$ 3,263,301	\$ 4,672,181	\$ 4,532,342
Operating Grants and Contributions	279,642	259,945	11,207	4,537	290,849	264,482
Capital Grants and Contributions	10,266,199	7,864,471	1,011,863	796,372	11,278,062	8,660,843
<u>General Revenues</u>						
Property Taxes	6,404,178	6,029,889	-	-	6,404,178	6,029,889
Lodging Tax	397,118	401,802	-	-	397,118	401,802
Sales Tax	2,799,734	2,686,659	-	-	2,799,734	2,686,659
Tax Increment	668,465	542,661	-	-	668,465	542,661
Unrestricted State Aid	2,685	3,188	-	-	2,685	3,188
Investment Earnings	641,260	453,927	318,170	222,657	959,430	676,584
Change in Fair Value of Investments	154,521	(59)	80,546	-	235,067	(59)
Other	158,049	119,702	-	-	158,049	119,702
Total Revenues	23,133,737	19,631,226	4,732,081	4,286,867	27,865,818	23,918,093
Expenses						
General Government	2,493,944	1,614,534	-	-	2,493,944	1,614,534
Public Safety	2,526,036	2,290,301	-	-	2,526,036	2,290,301
Public Works	5,684,908	4,342,420	-	-	5,684,908	4,342,420
Sanitation	32,983	31,174	-	-	32,983	31,174
Water	-	-	1,648,037	1,613,580	1,648,037	1,613,580
Sewer	-	-	2,016,775	1,982,874	2,016,775	1,982,874
Storm Water	-	-	548,619	421,596	548,619	421,596
Culture and Recreation	1,223,138	1,065,834	-	-	1,223,138	1,065,834
Economic & Community Development	1,624,825	1,647,234	-	-	1,624,825	1,647,234
Interest and Fiscal Charges	641,116	498,992	-	-	641,116	498,992
Total Expenses	14,226,950	11,490,489	4,213,431	4,018,050	18,440,381	15,508,539
Increase in Net Position Before Transfers	8,906,787	8,140,737	518,650	268,817	9,425,437	8,409,554
Transfers	(3,544,390)	(690,893)	3,544,390	690,893	-	-
Change in Net Position	5,362,397	7,449,844	4,063,040	959,710	9,425,437	8,409,554
Net Position - Beginning of Year	58,494,067	51,282,428	64,594,947	63,635,237	123,089,014	114,917,665
Change in Accounting Principle/Prior Period Adjustments	47,100	(238,205)	-	-	47,100	(238,205)
Net Position - Beginning of Year, as Restated	58,541,167	51,044,223	64,594,947	63,635,237	123,136,114	114,679,460
Net Position - End of Year	\$ 63,903,564	\$ 58,494,067	\$ 68,657,987	\$ 64,594,947	\$ 132,561,551	\$ 123,089,014

Total revenues surpassed expenses, increasing net position \$9,425,437 over last year.

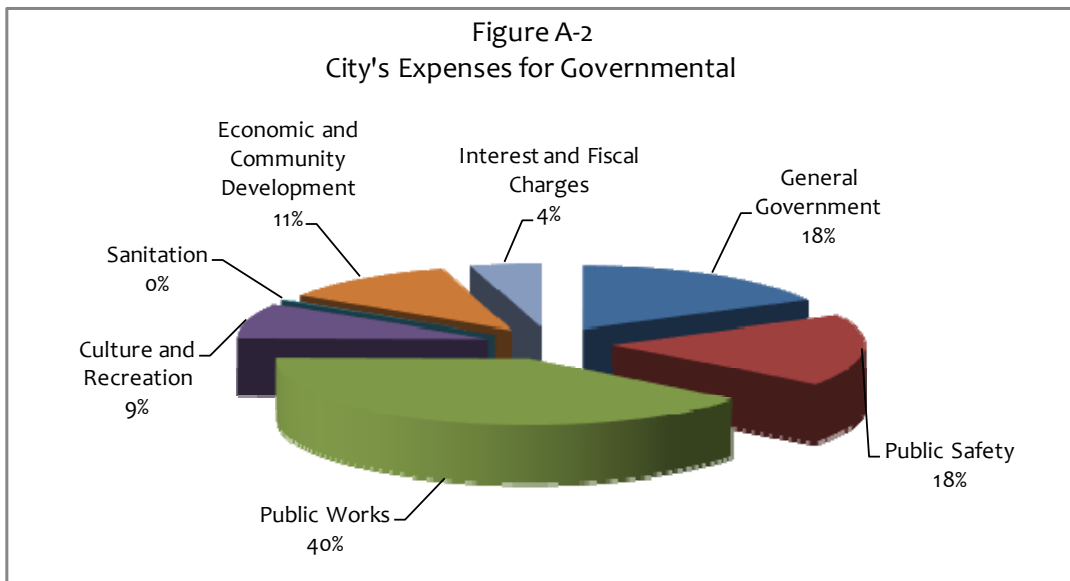
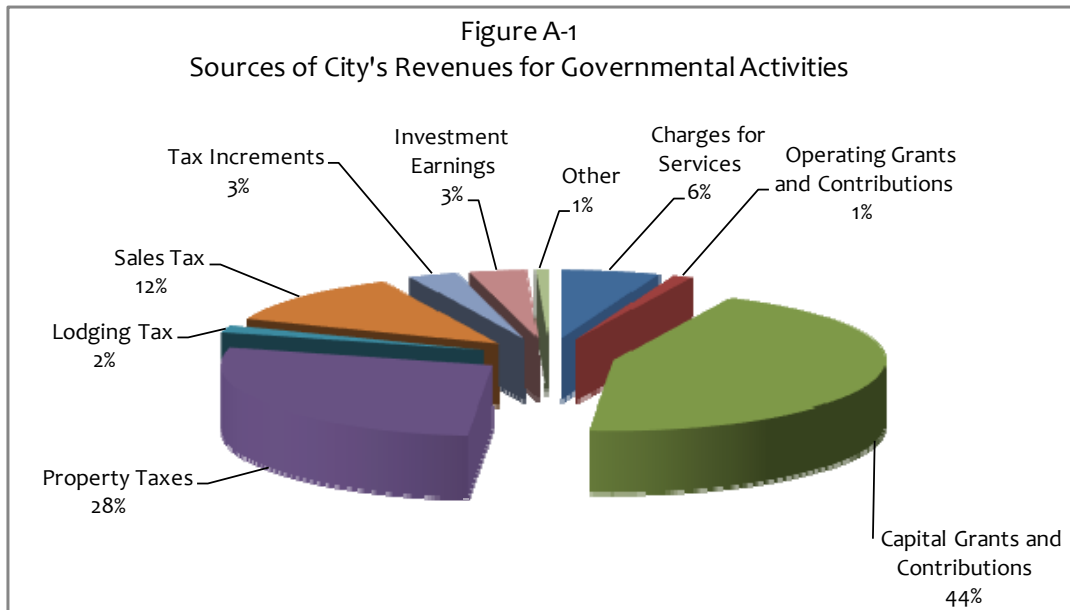
The City-wide cost of all activities this year was \$18,440,381. Governmental activities and business-type activities comprised of \$14,226,950 and \$4,213,431 respectively.

- \$4,672,181 of the cost was paid by the users of the City's programs, comprising of: \$1,361,886 for governmental activities and \$3,310,295 for business-type activities.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

- Certain programs in the governmental activities received federal, state, and local support with operating grants and contributions of \$279,642. State assistance for police services, a county grant for recycling, and an interest rebate for Build America Bonds comprised a majority of the revenue in this classification. Capital grants (special assessments, federal and state grants, and capital contributed from developers) accounted for \$10,266,199 of the revenues. Current year special assessments and prepaid special assessments comprised over \$2,000,000 of the amount and state construction aid and grants comprised of approximately \$4,800,000.
- The City's governmental activities' program expenses exceeded program revenues by \$2,319,223 (see Table A-3). The majority of the remaining expenses were financed with general revenues such as property taxes, lodging taxes, sales taxes, tax increments, investment earnings and other miscellaneous revenues.



FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

**Table A-3
 Cost of Services Analysis**

	Total Cost of Services		Net Revenue from (Cost of) Services	
	2019	2018	2019	2018
GOVERNMENTAL ACTIVITIES				
General Government	\$ 2,493,944	\$ 1,614,534	\$ (2,304,344)	\$ (1,431,405)
Public Safety	2,526,036	2,290,301	(1,717,690)	(1,678,207)
Public Works	5,684,908	4,342,420	4,820,191	3,948,482
Sanitation	32,983	31,174	(4,813)	(4,551)
Culture and Recreation	1,223,138	1,065,834	(1,105,112)	(1,015,813)
Economic and Community Development	1,624,825	1,647,234	(1,421,772)	(1,476,358)
Interest	641,116	498,992	(585,683)	(439,180)
Total	<u>\$ 14,226,950</u>	<u>\$ 11,490,489</u>	<u>\$ (2,319,223)</u>	<u>\$ (2,097,032)</u>
BUSINESS-TYPE ACTIVITIES				
Water	\$ 1,648,037	\$ 1,613,580	\$ 398,654	\$ 359,780
Sewer	2,016,775	1,982,874	(197,223)	(313,916)
Storm Water	548,619	421,596	(81,497)	296
Total	<u>\$ 4,213,431</u>	<u>\$ 4,018,050</u>	<u>\$ 119,934</u>	<u>\$ 46,160</u>

The financial performance of the City as a whole is reflected in its governmental funds as well. As the City completed the year, its governmental funds reported a combined fund balance of \$28,586,610.

Revenues for the City's governmental funds were \$22,317,364 while total expenditures were \$24,794,066. The excess of expenditures over revenues before other financing sources and uses is due to significant capital outlay on infrastructure projects.

GENERAL FUND

The General Fund includes the primary operations of the City in providing services to its residents. Fund balance in the General Fund increased \$102,570 over 2018 due to higher than expected revenues. Days Expenditures in Unassigned Fund Balance for the General Fund decreased to 203 days.

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Revenues:

**Table A-4
 General Fund Revenues**

Fund	Year Ended		Change	
	December 31, 2019	December 31, 2018	Increase (Decrease)	Percent
Taxes and Special Assessments	\$ 5,328,613	\$ 4,921,957	\$ 406,656	8.3 %
Franchise Fees	197,898	194,997	2,901	1.5
Licenses and Permits	44,779	44,944	(165)	(0.4)
Intergovernmental	190,421	167,052	23,369	14.0
Charges for Services	197,368	103,961	93,407	89.8
Fines and Forfeits	64,689	66,718	(2,029)	(3.0)
Investment Earnings	97,735	79,717	18,018	22.6
Net Increase (Decrease) in Fair Value of Investments	18,239	(59)	18,298	(31,013.6)
Miscellaneous and Other	108,179	108,012	167	0.2
Total General Fund Revenue	\$ 6,247,921	\$ 5,687,299	\$ 560,622	9.9 %

Total General Fund revenue increased by \$560,622 from the previous year. Property taxes and special assessments continue to be the significant source of funding in the general fund, comprising 85.3% of the total general fund revenues for 2019.

The following schedule presents a summary of General Fund Expenditures:

**Table A-5
 General Fund Expenditures**

	Year Ended		Change	
	December 31, 2019	December 31, 2018	Increase (Decrease)	Percent
General Government	\$ 1,700,088	\$ 1,484,981	\$ 215,107	14.5 %
Public Safety	2,269,200	2,081,582	187,618	9.0
Public Works	819,930	755,617	64,313	8.5
Culture and Recreation	811,615	703,909	107,706	15.3
Capital Outlay	14,438	2,141	12,297	-
Total Expenditures	\$ 5,615,271	\$ 5,028,230	\$ 587,041	11.7 %

General Fund Budgetary Highlights

Over the course of the year, the City revised the annual operating budget when significant amendments were made by the City Council.

- Actual revenues were \$171,221 higher than expected due primarily to higher than anticipated public safety grants, charges for services, and investment income.
- Actual expenditures were \$54,729 less than budgeted primarily due to lower than anticipated insurance premiums, conservative budget practices, and a partially vacant assistant engineer position. These savings offset expenditures that were higher than budgeted in the streets and park maintenance departments for the year.

ECONOMIC DEVELOPMENT FUND

The Economic Development fund comprises the activities of the City's Economic Development Authority (EDA). The EDA is responsible for marketing the City's industrial park lots and acting as a conduit for the resale of a few residential properties that were acquired as part of infrastructure projects.

In 2019, the EDA's fund balance increased \$35,883 due to higher than anticipated interest income.

SALES TAX COLLECTIONS FUND

The Sales Tax Collections fund year-end fund balance was \$8,234,332, an increase from the prior year of \$46,894. The slight increase is attributable to the funding of 2019 infrastructure projects, closeout of the projects constructed in 2018, and the North Forestview project delayed to 2020. Sales tax funded debt service payments for the 2007A General Obligation Water and Sales Tax Revenue Bonds and the 2009B General Obligation Sales Tax and Sewer Revenue Bonds. It is anticipated fund balance will fluctuate as proceeds continue to accumulate and are spent on future capital needs on a pay-as-you-go basis. Proceeds will also be utilized for future debt service payments on sales tax related bond issues when necessary.

CONSTRUCTION PROJECTS AND DEBT SERVICE

The Debt Service Fund consists of the City's General Obligation Improvement Bonds issued to finance street, utility, and trail improvements. The Fund also includes General Obligation Sales Tax Wastewater Revenue Notes issued to finance the City's share of the wastewater treatment plant financed primarily with sales tax revenues. In addition, the Fund includes the Capital Improvement Plan Bonds issued to finance projects approved as part of the City's five-year Capital Improvement Plan (CIP). A majority of the improvement bonds debt is financed with special assessments to the benefited property owners, with the CIP bonds funded with property tax levy over the next six years.

In 2019, the City issued general obligation bonds to fund capital projects. This debt will be repaid through special assessments and a debt service property tax levy.

The Capital Project Fund accounts for the majority of the City's construction projects and acquisition of capital assets. Fund balance increased \$368,684 primarily due to the issuance of the aforementioned bonds.

PROPRIETARY FUNDS

Due to timing differences in the user fees and capital improvements in the proprietary funds, increases (or decreases) in net position can occur from year to year. Net position for the Water Fund increased \$1,257,091, Sewer Fund increased \$221,380, and Storm Water Fund increased \$2,584,569. The increase in the Water Fund is primarily due to availability charges and capital contributions. In the Sewer and Storm Water Funds, the increase in net position is also the result of capital contributions.

Operating revenues in the proprietary funds increased \$47,193 or 1.5% from 2018 due to increased utility rates and expanded service to new users. Water, sewer, and storm water rates increased beginning with February 2019 usage. Rates are reviewed annually and will continue to be reviewed in the future. A steady number of residential utility connections and commercial construction generated \$1,011,863 of water and sewer availability charge revenues for 2019. The availability charges increased \$391,988 or 63.2% from the prior year. Availability charges include those certified through special assessment agreements for collection with Crow Wing County.

PROPRIETARY FUNDS (CONTINUED)

Water operating expenses increased 2.9%, sewer operating expenses increased 1.7%, and storm water expenses increased 30.1% from 2018. The increase in water operating expenses was due to higher operating supply costs and depreciation. The increase in sewer operating expenses was due to higher repair costs and substantially greater BPU sewer treatment costs. The increase in Storm Water Fund operating expenses was a result of higher operating supply costs, structure repairs, and depreciation.

CAPITAL ASSETS

By the end of 2019, the City had invested approximately \$178,100,000 in a broad range of capital assets, including: buildings, improvements, equipment, and infrastructure (see Table A-6). (More detailed information about capital assets can be found in Note 3.A.2 to the financial statements.) Total depreciation expense for the year was \$4,839,689 (including the enterprise funds).

**Table A-6
 The City's Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 6,760,198	\$ 5,997,855	\$ 1,839,260	\$ 1,710,988	\$ 8,599,458	\$ 7,708,843
Construction in Progress	7,610,854	11,738,096	442,593	2,075,819	8,053,447	13,813,915
Intangible	6,960	6,960	9,867,725	9,867,725	9,874,685	9,874,685
Buildings	1,911,373	1,911,373	9,943,813	9,943,813	11,855,186	11,855,186
Infrastructure and Distribution System	68,097,431	59,452,979	61,952,585	56,080,119	130,050,016	115,533,098
Land Improvements	4,029,188	3,322,473	559,134	559,134	4,588,322	3,881,607
Machinery, Vehicles, Furniture and Equipment	3,062,936	2,846,622	2,071,709	1,396,262	5,134,645	4,242,884
Less: Accumulated Depreciation	(39,420,415)	(36,753,369)	(27,737,551)	(25,576,570)	(67,157,966)	(62,329,939)
Total	\$ 52,058,525	\$ 48,522,989	\$ 58,939,268	\$ 56,057,290	\$ 110,997,793	\$ 104,580,279

In 2019, \$3,856,380 of capital assets was contributed to proprietary funds by the governmental activities of the City.

At year-end, the City had \$31,242,154 in long-term liabilities outstanding, including bond discounts and premiums, compensated absences, net pension liabilities, and other postemployment benefits. The City also recognized its proportionate share of the Public Employees Retirement Association of Minnesota's (PERA) net pension liability, in accordance with GASB Statement No. 68. (More detailed information about long-term debt and pension items can be found in Note 3.C and Note 4 to the financial statements, respectively.)

LONG-TERM LIABILITIES (CONTINUED)

The City's long-term debt increased \$438,813 for governmental activities due to the issuance of the \$2.47 million General Obligation Improvement Bonds in 2019. Long-term debt for business-type activities decreased \$548,052 as a result of the continued payoff of existing debt and change in the City's proportionate share of PERA's net pension liability.

**Table A-7
 The City's Long-Term Liabilities**

	2019	2018
GOVERNMENTAL ACTIVITIES		
General Obligation Bonds	\$ 19,601,367	\$ 18,917,015
General Obligation Revenue Notes	4,772,000	5,222,667
Compensated Absences Payable	389,464	343,125
Other Postemployment Benefits	330,618	258,424
Net Pension Liability	2,348,585	2,261,990
Total	\$ 27,442,034	\$ 27,003,221
BUSINESS-TYPE ACTIVITIES		
General Obligation Bonds	\$ 3,586,516	\$ 4,086,290
Compensated Absences Payable	19,324	28,779
Net Pension Liability	194,280	233,103
Total	\$ 3,800,120	\$ 4,348,172

FACTORS BEARING ON THE CITY'S FUTURE

The City's capital improvement plan guides the implementation of planned infrastructure and maintenance projects. The objective is to match funding with increased infrastructure needs and to promote continued economic development within the City. Through the capital improvement planning process, the City thoughtfully will continue to plan for future capital investments and monitor their impacts of City services.

Street maintenance and new improvements planned in 2020 include reconstruction of segments of three streets in the City's commercial area and reconstruction of the residential streets as part of the North Forestview street and utility improvements. The North Forestview project will add municipal water and sanitary sewer to an existing residential neighborhood. The projects will be funded with a combination of special assessments to benefiting properties, sales tax proceeds, enterprise fund contributions, municipal state aid, and an annual property tax levy for the City's portion of the debt service.

Other sewer infrastructure projects continuing in 2020 include the rehabilitation of sanitary sewer lift station number eleven. Storm water projects include the next phase of the Section 6 stormwater outlet project to alleviate localized flooding in that area of the City.

Collections of the City's local option sales tax and motor vehicle excise tax are robust; receipts are up \$111,658, or 4.2%, from 2018. In 2014, the City's sales tax authority was extended through 2037. The City is authorized to fund \$32 million of water, sewer, and storm water related infrastructure and traffic-safety related improvements and \$8 million for the regional component of water and sewer improvements to the Brainerd Lakes Regional Airport. Through a revenue sharing agreement with the City of Brainerd, Baxter remits 20% of its net sales tax revenues to the City of Brainerd on a semi-annual basis for the airport component.

FACTORS BEARING ON THE CITY'S FUTURE (CONTINUED)

Sales tax receipts will continue to finance outstanding debt service related to the City's water treatment plant and the City's share of wastewater treatment plant capacity. To minimize future borrowing costs, sales tax proceeds on hand will be utilized for eligible portions of capital projects identified in the capital improvement plan. Sales tax proceeds are one of the identified funding sources for the North Forestview and 2020 Fairview, Golf Course, and Excelsior commercial area projects.

Private investment in the City remains stable. Commercial remodels occurred at Target and Walmart, along with other retailers. Construction of the second multi-tenant retail building in front of Gander Outdoors was completed in 2019. Building permits for 25 residential homes were issued in 2019. Interest in multi-family housing remains strong. A housing project consisting of a 20-unit apartment building and 20 units of townhomes is under construction, along with an addition to a senior-care facility. Developers of a market rate apartment and townhome development completed construction on the fifth 35-unit apartment building and 16 units of townhomes.

The new Baxter elementary school is anticipated to be completed by fall 2020. The new school is being constructed on Jasperwood Drive. The city is facilitating the construction of the street and utility improvements to Jasperwood Drive and Mapleton Road with the project anticipated to be completed in 2020.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives. Contact Jeremy Vacinek, Finance Director, at (218) 454-5112 if you have questions about this report or would like to request additional financial information.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Baxter, Minnesota
Statement of Net Position

Comprehensive Annual Financial Report
December 31, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Pooled Investments	\$ 29,115,913	\$ 12,864,929	\$ 41,980,842
Internal Balances	(473,674)	473,674	-
Accrued Interest Receivable	174,187	-	174,187
Accounts Receivable - Net	210,545	432,918	643,463
Due from Other Governments	850,525	-	850,525
Prepaid Items	805	-	805
Delinquent Taxes Receivable	189,915	-	189,915
Special Assessments Receivable	10,859,227	43,888	10,903,115
Land Held for Resale	2,149,132	-	2,149,132
Non-Depreciable Capital Assets			
Land	6,760,198	1,839,260	8,599,458
Construction in Progress	7,610,854	442,593	8,053,447
Depreciable Capital Assets (Net)			
Intangible	-	7,770,801	7,770,801
Buildings	906,300	7,142,264	8,048,564
Infrastructure and Distribution System	33,821,419	40,491,072	74,312,491
Land Improvements	2,274,623	280,787	2,555,410
Machinery, Vehicles, Furniture and Equipment	685,131	972,491	1,657,622
Total Assets	95,135,100	72,754,677	167,889,777
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plan and OPEB Deferments	1,367,663	23,802	1,391,465
Total Assets and Deferred Outflows of Resources	\$ 96,502,763	\$ 72,778,479	\$ 169,281,242
LIABILITIES			
Accounts Payable	\$ 1,227,622	\$ 110,081	\$ 1,337,703
Due to Other Governments	449,620	42,107	491,727
Salaries Payable	139,234	15,499	154,733
Accrued Liabilities	83,459	6,450	89,909
Contracts Payable	296,332	48,889	345,221
Accrued Interest Payable	230,670	28,889	259,559
Unearned Revenue	20,556	-	20,556
Escrow Deposits	541,891	-	541,891
Long-term Liabilities:			
Due Within One Year			
Compensated Absences Payable	21,339	2,143	23,482
General Obligation Bonds Payable	1,925,000	500,000	2,425,000
General Obligation Revenue Notes Payable	465,333	-	465,333
Due In More than One Year			
Compensated Absences Payable	368,125	17,181	385,306
Total Other Postemployment Benefits Payable	330,618	-	330,618
Net Pension Liability - PERA	2,348,585	194,280	2,542,865
General Obligation Bonds Payable	17,676,367	3,086,516	20,762,883
General Obligation Revenue Notes Payable	4,306,667	-	4,306,667
Total Liabilities	30,431,418	4,052,035	34,483,453
DEFERRED INFLOWS OF RESOURCES			
State Aid Received for Subsequent Years	321,055	-	321,055
Gain on Refunding Bonds	-	23,707	23,707
Pension Plan and OPEB Deferments	1,846,726	44,750	1,891,476
Total Deferred Inflows of Resources	2,167,781	68,457	2,236,238
NET POSITION			
Net Investment in Capital Assets	32,179,380	55,329,045	82,736,425
Restricted for			
Debt Service	16,057,619	-	16,057,619
Economic Development	3,643,355	-	3,643,355
Sales Tax Funded Infrastructure	8,258,960	-	8,258,960
Tax Increment Financing	450,552	-	450,552
Police Activity	75,526	-	75,526
Unrestricted	3,238,172	13,328,942	21,339,114
Total Net Position	63,903,564	68,657,987	132,561,551
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 96,502,763	\$ 72,778,479	\$ 169,281,242

See accompanying Notes to Financial Statements.

City of Baxter, Minnesota
Statement of Activities

Comprehensive Annual Financial Report
Year Ended December 31, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES							
General Government	\$ 2,493,944	\$ 182,313	\$ 7,136	\$ 151	\$ (2,304,344)	\$ -	\$ (2,304,344)
Public Safety	2,526,036	628,295	180,051	-	(1,717,690)	-	(1,717,690)
Public Works	5,684,908	419,156	190	10,085,753	4,820,191	-	4,820,191
Sanitation	32,983	290	27,880	-	(4,813)	-	(4,813)
Culture and Recreation	1,223,138	109,441	8,585	-	(1,105,112)	-	(1,105,112)
Economic and Community Development	1,624,825	22,391	367	180,295	(1,421,772)	-	(1,421,772)
Interest and Fiscal Charges	641,116	-	55,433	-	(585,683)	-	(585,683)
Total Governmental Activities	14,226,950	1,361,886	279,642	10,266,199	(2,319,223)	-	(2,319,223)
BUSINESS-TYPE ACTIVITIES							
Water	1,648,037	1,551,310	7,931	487,450	-	398,654	398,654
Sewer	2,016,775	1,292,345	2,794	524,413	-	(197,223)	(197,223)
Storm Water	548,619	466,640	482	-	-	(81,497)	(81,497)
Total Business-Type Activities	4,213,431	3,310,295	11,207	1,011,863	-	119,934	119,934
Total Government	\$ 18,440,381	\$ 4,672,181	\$ 290,849	\$ 11,278,062	(2,319,223)	119,934	(2,199,289)
GENERAL REVENUES							
Property Taxes					6,404,178	-	6,404,178
Lodging Tax					397,118	-	397,118
Sales Tax					2,799,734	-	2,799,734
Tax Increments					668,465	-	668,465
Grants and Contributions not Restricted for a Particular Purpose					2,685	-	2,685
Investment Earnings					641,260	318,170	959,430
Net Increase (Decrease) in Fair Value of Investments					154,521	80,546	235,067
Miscellaneous					158,049	-	158,049
TRANSFERS					(3,544,390)	3,544,390	-
Total General Revenues and Transfers					7,681,620	3,943,106	11,624,726
Change in Net Position					5,362,397	4,063,040	9,425,437
Net Position - Beginning of Year					58,494,067	64,594,947	123,089,014
Prior Period Restatement					47,100	-	47,100
Net Position - Beginning, as Restated					58,541,167	64,594,947	123,136,114
NET POSITION - END OF YEAR					\$ 63,903,564	\$ 68,657,987	\$ 132,561,551

See accompanying Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	Economic Development	Sales Tax Collections	Debt Service Fund	Capital Project Fund		
ASSETS							
Cash and Pooled Investments	\$ 2,716,552	\$ 1,455,595	\$ 8,165,988	\$ 5,749,079	\$ 8,938,728	\$ 2,089,971	\$ 29,115,913
Due from Other Funds	555,763	-	-	-	-	-	555,763
Accrued Interest Receivable	174,187	-	-	-	-	-	174,187
Accounts Receivable	123,809	-	8,046	-	53,827	24,863	210,545
Due From Other Governments	51,192	-	489,173	42,787	267,373	-	850,525
Prepaid Items	805	-	-	-	-	-	805
Delinquent Taxes Receivable	161,195	-	-	28,720	-	-	189,915
Special Assessments Receivable	339	3,591	-	10,477,630	364,367	13,300	10,859,227
Advances to Other Funds	781,300	51,100	-	-	-	-	832,400
Land Held For Resale	-	2,149,132	-	-	-	-	2,149,132
Total Assets	\$ 4,565,142	\$ 3,659,418	\$ 8,663,207	\$ 16,298,216	\$ 9,624,295	\$ 2,128,134	\$ 44,938,412
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 178,899	\$ 15,500	\$ -	\$ 1,343	\$ 862,419	\$ 169,461	\$ 1,227,622
Due to Other Governments	35,549	563	404,247	8,584	-	677	449,620
Salaries Payable	128,705	-	-	-	-	10,529	139,234
Accrued Liabilities	83,459	-	-	-	-	-	83,459
Due to Other Funds	-	-	-	-	1,029,437	-	1,029,437
Contracts Payable	9,500	-	-	-	286,832	-	296,332
Unearned Revenues	-	-	-	-	-	20,556	20,556
Advances from Other Funds	-	-	-	-	-	832,400	832,400
Escrow Deposits	-	-	-	-	250,000	291,891	541,891
Total Liabilities	436,112	16,063	404,247	9,927	2,428,688	1,325,514	4,620,551
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue							
Taxes	161,195	-	-	28,720	-	-	189,915
Special Assessments	339	3,591	-	10,477,630	364,367	13,300	10,859,227
Other	69,013	-	24,628	-	588,428	40	682,109
Total Deferred Inflows of Resources	230,547	3,591	24,628	10,506,350	952,795	13,340	11,731,251
FUND BALANCES							
Nonspendable	782,105	-	-	-	-	-	782,105
Restricted	-	3,639,764	8,234,332	5,781,939	-	526,078	18,182,113
Committed	-	-	-	-	-	772,883	772,883
Assigned	-	-	-	-	6,242,812	2,017	6,244,829
Unassigned	3,116,378	-	-	-	-	(511,698)	2,604,680
Total Fund Balances	3,898,483	3,639,764	8,234,332	5,781,939	6,242,812	789,280	28,586,610
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,565,142	\$ 3,659,418	\$ 8,663,207	\$ 16,298,216	\$ 9,624,295	\$ 2,128,134	\$ 44,938,412

See accompanying Notes to Financial Statements.

Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position – Governmental Activities

December 31, 2019

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 28,586,610
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		52,058,525
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the governmental funds.		11,410,196
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. Deferred outflows and inflows related to these long-term liabilities are also not reported in the governmental funds.		
General Obligation Bonds Payable	\$ (19,601,367)	
General Obligation Revenue Notes Payable	(4,772,000)	
Compensated Absences Payable	(389,464)	
Other Postemployment Benefits (OPEB) Payable	(330,618)	
Accrued Interest Payable	(230,670)	
Net Pension Liability - PERA	(2,348,585)	
OPEB and Pension Plan Deferments	(479,063)	(28,151,767)
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 63,903,564</u>

City of Baxter, Minnesota
Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds

Comprehensive Annual Financial Report
Year Ended December 31, 2019

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	Economic Development	Sales Tax Collections	Debt Service Fund	Capital Project Fund		
REVENUES							
Taxes	\$ 5,320,499	\$ -	\$ -	\$ 1,080,711	\$ -	\$ -	\$ 6,401,210
Lodging Tax	-	-	-	-	-	397,118	397,118
Sales Tax	-	-	2,793,699	-	-	-	2,793,699
Tax Increments	-	-	-	-	-	668,465	668,465
Franchise Fees	197,898	-	-	-	357,209	-	555,107
Special Assessments	8,114	-	-	1,433,080	-	-	1,441,194
Licenses, Permits, and Fees	44,779	-	-	-	-	314,185	358,964
Intergovernmental	190,421	-	-	55,433	4,533,898	208,668	4,988,420
Charges for Services	197,368	-	-	-	3,203,417	149,987	3,550,772
Fines and Forfeits	64,689	-	-	-	-	19,481	84,170
Gifts and Contributions	5,823	-	-	-	-	8,669	14,492
Investment Earnings	97,735	37,201	189,764	107,426	199,853	42,412	674,391
Net Increase (Decrease) in Fair Value of Investments	18,239	8,690	47,363	29,404	39,692	11,133	154,521
Miscellaneous	102,356	-	-	-	52,064	80,421	234,841
Total Revenues	6,247,921	45,891	3,030,826	2,706,054	8,386,133	1,900,539	22,317,364
EXPENDITURES							
CURRENT							
General Government	1,700,088	-	54,572	-	807	15,386	1,770,853
Public Safety	2,269,200	-	-	-	-	233,785	2,502,985
Public Works	819,930	-	-	-	2,666,390	-	3,486,320
Sanitation	-	-	-	-	-	32,983	32,983
Culture and Recreation	811,615	-	-	-	38,663	11,544	861,822
Economic and Community Development	-	41,508	549,108	-	-	1,088,245	1,678,861
CAPITAL OUTLAY							
General Government	7,524	-	-	-	12,312	9,601	29,437
Public Safety	-	-	-	-	100,625	-	100,625
Public Works	6,914	-	-	-	10,960,886	-	10,967,800
Culture and Recreation	-	-	-	-	53,044	192,943	245,987
DEBT SERVICE							
Principal	-	-	-	2,485,667	-	-	2,485,667
Interest and Fiscal Charges	-	-	-	575,719	-	57	575,776
Bond Issue Costs	-	-	-	-	54,950	-	54,950
Total Expenditures	5,615,271	41,508	603,680	3,061,386	13,887,677	1,584,544	24,794,066
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	632,650	4,383	2,427,146	(355,332)	(5,501,544)	315,995	(2,476,702)
OTHER FINANCING SOURCES (USES)							
Sale of Capital Assets	650,000	-	-	-	5,650	-	655,650
Issuance of GO Bonds	-	-	-	4,231	2,465,769	-	2,470,000
Issuance of GO Bonds - Premium	-	-	-	-	299,788	-	299,788
Transfers In	470,970	31,500	-	974,840	3,212,991	92,200	4,782,501
Transfers Out	(1,651,050)	-	(2,380,252)	-	(113,970)	(325,239)	(4,470,511)
Total Other Financing Sources (Uses)	(530,080)	31,500	(2,380,252)	979,071	5,870,228	(233,039)	3,737,428
NET CHANGE IN FUND BALANCES	102,570	35,883	46,894	623,739	368,684	82,956	1,260,726
Fund Balance - Beginning of Year	3,795,913	3,556,781	8,187,438	5,158,200	5,874,128	706,324	27,278,784
Prior Period Restatement (see Note 9)	-	47,100	-	-	-	-	47,100
Fund Balance - Beginning of Year, As Restated	3,795,913	3,603,881	8,187,438	5,158,200	5,874,128	706,324	27,325,884
FUND BALANCE - END OF YEAR	\$ 3,898,483	\$ 3,639,764	\$ 8,234,332	\$ 5,781,939	\$ 6,242,812	\$ 789,280	\$ 28,586,610

See accompanying Notes to Financial Statements.

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Government-Wide
Statement of Activities – Governmental Activities

December 31, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,260,726

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Contributions of capital assets (infrastructure) by developers are not shown as income in the governmental funds because they do not provide current financial resources. Capital asset transfers from the governmental activities to the business-type activities are not reflected as expenditures in the governmental fund statements because they do not involve a transfer of current financial resources.

Expenditures for General Capital Assets, Infrastructure, and Other Related Capital Assets Adjustments	\$ 11,343,849	
Capital Contributions to Enterprise Funds	(3,856,380)	
Assets Sold	(1,273,225)	
Current Year Depreciation	<u>(2,678,708)</u>	3,535,536

The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements. 908,852

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. The net proceeds for debt issuance are: (2,470,000)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal Repayments		
General Obligation Bonds	2,035,000	
Revenue Bonds	<u>450,667</u>	2,485,667

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in Accrued Interest Payable	(60,826)	
Amortization of Discounts and Premiums	(249,352)	
Change in Compensated Absences	(46,339)	
Change in Other Postemployment Benefits Deferrals	82,541	
Change in Other Postemployment Benefits	(72,194)	
Change in Pension Plan Deferrals	74,381	
Change in Net Pension Liability - PERA	<u>(86,595)</u>	(358,384)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 5,362,397

General Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
GENERAL PROPERTY TAXES	\$ 5,326,800	\$ 5,326,800	\$ 5,320,499	\$ (6,301)
FRANCHISE FEES	198,600	198,600	197,898	(702)
SPECIAL ASSESSMENTS				
Principal	8,100	8,100	8,114	14
LICENSES, PERMITS, AND FEES				
Business Licenses and Permits	37,800	37,800	36,930	(870)
Other Licenses, Permits, and Fees	4,900	4,900	7,849	2,949
Total Licenses, Permits and Fees	42,700	42,700	44,779	2,079
INTERGOVERNMENTAL				
STATE AND LOCAL				
PERA Increase Aid	2,000	2,000	2,010	10
Market Value Credit	-	-	675	675
Public Safety Grants	124,000	124,000	169,738	45,738
Other	18,900	18,900	7,811	(11,089)
Total State and Local	144,900	144,900	180,234	35,334
FEDERAL				
Public Safety Grants	-	-	10,187	10,187
Total Intergovernmental	144,900	144,900	190,421	45,521
CHARGES FOR SERVICES	146,000	146,000	197,368	51,368
FINES AND FORFEITS	51,700	51,700	64,689	12,989
GIFTS AND CONTRIBUTIONS	-	-	5,823	5,823
INVESTMENT EARNINGS	66,900	66,900	97,735	30,835
NET INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENTS	-	-	18,239	18,239
MISCELLANEOUS				
Other Rents and Royalties	91,000	91,000	92,576	1,576
Other Miscellaneous Revenues	-	-	9,780	9,780
Total Miscellaneous	91,000	91,000	102,356	11,356
Total Revenues	6,076,700	6,076,700	6,247,921	171,221

Statement of Revenues and Expenditures – Budget and Actual –

Year Ended December 31, 2019

General Fund (continued)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Other General Government	\$ 221,600	\$ 196,600	\$ 159,174	\$ (37,426)
Council	46,400	46,400	44,407	(1,993)
Administration	381,300	381,300	361,584	(19,716)
Finance	455,400	455,400	446,863	(8,537)
Public Works Administration	467,300	445,300	414,493	(30,807)
Information Systems	172,700	172,700	151,407	(21,293)
Legal	82,900	125,100	122,160	(2,940)
Total General Government	1,827,600	1,822,800	1,700,088	(122,712)
PUBLIC SAFETY				
Police	1,967,500	1,967,500	1,952,602	(14,898)
Fire Protection	316,600	316,600	316,598	(2)
Total Public Safety	2,284,100	2,284,100	2,269,200	(14,900)
PUBLIC WORKS				
Streets	752,500	752,500	819,930	67,430
CULTURE AND RECREATION				
Parks Maintenance	768,500	768,500	776,615	8,115
Recreation Program	35,200	35,200	35,000	(200)
Total Culture and Recreation	803,700	803,700	811,615	7,915
CAPITAL OUTLAY				
General Government	-	-	7,524	7,524
Public Works	48,000	6,900	6,914	14
Total Capital Outlay	48,000	6,900	14,438	7,538
Total Expenditures	5,715,900	5,670,000	5,615,271	(54,729)
EXCESS OF REVENUES OVER EXPENDITURES	360,800	406,700	632,650	225,950
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	650,000	650,000	-
Transfers In	407,800	470,900	470,970	70
Transfers Out	(768,600)	(1,652,700)	(1,651,050)	1,650
Total Other Financing Sources (Uses)	(360,800)	(531,800)	(530,080)	1,720
NET CHANGE IN FUND BALANCE	\$ -	\$ (125,100)	102,570	\$ 227,670
Fund Balances - Beginning of Year			3,795,913	
FUND BALANCES - END OF YEAR			\$ 3,898,483	

See accompanying Notes to Financial Statements.

Economic Development Authority Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Investment Earnings	\$ 20,200	\$ 20,200	\$ 37,201	\$ 17,001
Net Increase (Decrease) in Fair Value of Investments	-	-	8,690	8,690
Total Revenues	20,200	20,200	45,891	25,691
EXPENDITURES				
CURRENT				
Economic and Community Development Economic Development	47,000	47,000	41,508	(5,492)
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES	(26,800)	(26,800)	4,383	31,183
OTHER FINANCING SOURCES				
Transfers In	31,500	31,500	31,500	-
NET CHANGE IN FUND BALANCE	\$ 4,700	\$ 4,700	35,883	\$ 31,183
Fund Balance - Beginning of Year			3,556,781	
Prior Period Restatement (see Note 9)			47,100	
Fund Balance - Beginning of Year, as Restated			3,603,881	
FUND BALANCE - END OF YEAR			\$ 3,639,764	

Sales Tax Collections Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Sales Tax	\$ 2,687,400	\$ 2,687,400	\$ 2,793,699	\$ 106,299
Investment Earnings	104,300	104,300	189,764	85,464
Net Increase (Decrease) in Fair Value of Investments	-	-	47,363	47,363
Total Revenues	2,791,700	2,791,700	3,030,826	239,126
EXPENDITURES				
CURRENT				
General Government	55,600	55,600	54,572	(1,028)
Economic and Community Development				
Economic Development	526,400	526,400	549,108	22,708
Total Expenditures	582,000	582,000	603,680	21,680
EXCESS OF REVENUES OVER EXPENDITURES	2,209,700	2,209,700	2,427,146	217,446
OTHER FINANCING USES				
Transfers Out	(4,303,700)	(4,303,700)	(2,380,252)	1,923,448
NET CHANGE IN FUND BALANCE	\$ (2,094,000)	\$ (2,094,000)	46,894	\$ 2,140,894
Fund Balance - Beginning of Year			8,187,438	
FUND BALANCE - END OF YEAR			\$ 8,234,332	

City of Baxter, Minnesota
Statement of Net Position – Proprietary Funds

Comprehensive Annual Financial Report
December 31, 2019

	Water	Sewer	Storm Water	Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 6,460,816	\$ 5,963,989	\$ 440,124	\$ 12,864,929
Receivables				
Due From Other Funds	-	473,674	-	473,674
Accounts	181,627	186,599	64,692	432,918
Special Assessments	7,878	35,398	612	43,888
Total Current Assets	6,650,321	6,659,660	505,428	13,815,409
Noncurrent Assets:				
Non-Depreciable Capital Assets				
Land	352,932	62,598	1,423,730	1,839,260
Construction in Progress	29,144	361,364	52,085	442,593
Depreciable Capital Assets (Net)				
Intangible	-	7,770,801	-	7,770,801
Buildings	7,142,264	-	-	7,142,264
Distribution System	16,112,520	15,897,468	8,481,084	40,491,072
Land Improvements	-	-	280,787	280,787
Machinery, Vehicles, Furniture and Equipment	740,471	155,444	76,576	972,491
Total Noncurrent Assets	24,377,331	24,247,675	10,314,262	58,939,268
Total Assets	31,027,652	30,907,335	10,819,690	72,754,677
DEFERRED OUTFLOWS OF RESOURCES				
Pension Plan Deferments	11,368	11,009	1,425	23,802
Total Assets and Deferred Outflows of Resources	\$ 31,039,020	\$ 30,918,344	\$ 10,821,115	\$ 72,778,479
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 39,034	\$ 65,079	\$ 5,968	\$ 110,081
Due To Other Governments	5,770	36,200	137	42,107
Salaries Payable	7,064	6,978	1,457	15,499
Accrued Liabilities	6,450	-	-	6,450
Contracts Payable	3,000	45,889	-	48,889
Accrued Interest Payable	28,889	-	-	28,889
Compensated Absences Payable	1,044	1,044	55	2,143
General Obligation Bonds Payable	500,000	-	-	500,000
Total Current Liabilities	591,251	155,190	7,617	754,058
Noncurrent Liabilities:				
Compensated Absences Payable	7,710	7,710	1,761	17,181
Net Pension Liability - PERA	92,792	89,856	11,632	194,280
General Obligation Bonds Payable	3,086,516	-	-	3,086,516
Total Liabilities	3,778,269	252,756	21,010	4,052,035
DEFERRED INFLOWS OF RESOURCES				
Gain on Refunding Bonds	23,707	-	-	23,707
Pension Plan Deferments	21,374	20,697	2,679	44,750
Total Deferred Inflows of Resources	45,081	20,697	2,679	68,457
NET POSITION				
Net Investment in Capital Assets	20,767,108	24,247,675	10,314,262	55,329,045
Unrestricted	6,448,562	6,397,216	483,164	13,328,942
Total Net Position	27,215,670	30,644,891	10,797,426	68,657,987
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 31,039,020	\$ 30,918,344	\$ 10,821,115	\$ 72,778,479

See accompanying Notes to Financial Statements.

City of Baxter, Minnesota
Statement of Revenues, Expenses, and Changes in
Net Position – Proprietary Funds

Comprehensive Annual Financial Report
Year Ended December 31, 2019

	Water	Sewer	Storm Water	Total
OPERATING REVENUES				
Charges For Services				
User Charges	\$ 1,358,195	\$ 1,270,444	\$ 462,752	\$ 3,091,391
Meter Sales	20,587	3,888	-	24,475
Non-User Sales	2,399	3,416	-	5,815
Penalties	13,426	13,789	3,883	31,098
Permits and Hookup Charges	808	808	-	1,616
Miscellaneous	2,102	-	5	2,107
Total Operating Revenues	1,397,517	1,292,345	466,640	3,156,502
OPERATING EXPENSES				
Personnel Services	175,856	168,992	30,702	375,550
Supplies and Fees	137,112	35,951	28,554	201,617
Other Services and Charges	292,320	885,148	242,371	1,419,839
Depreciation	987,305	926,684	246,992	2,160,981
Total Operating Expenses	1,592,593	2,016,775	548,619	4,157,987
OPERATING INCOME (LOSS)	(195,076)	(724,430)	(81,979)	(1,001,485)
NONOPERATING REVENUES (EXPENSES)				
Special Assessments	311	2,585	455	3,351
Water Plant Fee	153,793	-	-	153,793
Availability Charges	487,450	524,413	-	1,011,863
Intergovernmental	7,620	209	27	7,856
Investment Earnings	153,574	152,856	11,740	318,170
Net Increase (Decrease) in Fair Value of Investments	38,805	38,806	2,935	80,546
Interest Expense and Fiscal Charges	(55,444)	-	-	(55,444)
Total Nonoperating Revenues (Expenses)	786,109	718,869	15,157	1,520,135
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	591,033	(5,561)	(66,822)	518,650
Capital Contributions from Governmental Activities	682,881	438,408	2,735,091	3,856,380
Transfers In	306,170	-	-	306,170
Transfers Out	(322,993)	(211,467)	(83,700)	(618,160)
CHANGE IN NET POSITION	1,257,091	221,380	2,584,569	4,063,040
Net Position - Beginning of Year	25,958,579	30,423,511	8,212,857	64,594,947
NET POSITION - END OF YEAR	\$ 27,215,670	\$ 30,644,891	\$ 10,797,426	\$ 68,657,987
Net changes in net position reported above:				\$ 4,063,040
Amounts reported for business-type activities in the statement of activities are different because:				
Transfer in of capital assets from governmental activities				3,856,380
Governmental activities contribution revenue reported above				(3,856,380)
Change in net position of business-type activities				<u>\$ 4,063,040</u>

See accompanying Notes to Financial Statements.

Statement of Cash Flows – Proprietary Funds

Year Ended December 31, 2019

	Water	Sewer	Storm Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,394,284	\$ 1,280,551	\$ 461,412	\$ 3,136,247
Payments to Suppliers	(409,089)	(911,596)	(305,216)	(1,625,901)
Payments to Employees	(192,312)	(188,622)	(32,730)	(413,664)
Net Cash Provided (Used) by Operating Activities	792,883	180,333	123,466	1,096,682
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Grants Received	216	-	-	216
Change in Due from Other Funds	-	(293,938)	-	(293,938)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	216	(293,938)	-	(293,722)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest and Fiscal Charges Paid	(77,623)	-	-	(77,623)
Transfer In	306,170	-	-	306,170
Transfer Out	(322,993)	(211,467)	(83,700)	(618,160)
Availability Charges	487,450	524,413	-	1,011,863
Grants Received	7,404	-	-	7,404
Water Plant Fee	153,793	-	-	153,793
Special Assessments	(6,449)	10,950	434	4,935
Payments on General Obligation Bonds	(484,999)	-	-	(484,999)
Purchases of Capital Assets	(768,900)	(1,009,448)	-	(1,778,348)
Net Cash Provided (Used) by Capital and Related Financing Activities	(706,147)	(685,552)	(83,266)	(1,474,965)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of Investments	(3,732,146)	(2,643,686)	(293,657)	(6,669,489)
Purchase of Investments	4,051,602	3,740,040	276,003	8,067,645
Investment Earnings Received	153,574	152,856	11,740	318,170
Net Cash Provided (Used) by Investing Activities	473,030	1,249,210	(5,914)	1,716,326
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	559,982	450,053	34,286	1,044,321
Cash and Cash Equivalents - Beginning of Year	1,160,372	1,138,008	82,908	2,381,288
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,720,354	\$ 1,588,061	\$ 117,194	\$ 3,425,609

See accompanying Notes to Financial Statements.

City of Baxter, Minnesota
Statement of Cash Flows – Proprietary Funds (continued)

Comprehensive Annual Financial Report
Year Ended December 31, 2019

	Water	Sewer	Storm Water	Total
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED (USED) BY				
OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (195,076)	\$ (724,430)	\$ (81,979)	\$ (1,001,485)
Adjustments to Reconcile Operating Income (Loss) to				
Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	987,305	926,684	246,992	2,160,981
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	(11,777)	(11,794)	(5,228)	(28,799)
Due from Other Governments	8,544	-	-	8,544
Prepaid Items	-	495	-	495
Pension Plan Deferments	14,942	14,944	2,158	32,044
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	15,523	3,458	(34,360)	(15,379)
Contracts Payable	-	15,248	-	15,248
Salaries and Wages Payable	604	540	453	1,597
Accrued Liabilities	1,434	-	-	1,434
Compensated Absences Payable	(4,966)	(4,966)	477	(9,455)
Due to Other Governments	4,820	(9,698)	69	(4,809)
Net Pension Liability - PERA	(17,026)	(18,472)	(3,325)	(38,823)
Pension Plan Deferments	(11,444)	(11,676)	(1,791)	(24,911)
Total Adjustments	987,959	904,763	205,445	2,098,167
Net Cash Provided (Used) by Operating Activities	\$ 792,883	\$ 180,333	\$ 123,466	\$ 1,096,682
NONCASH CAPITAL AND RELATED				
FINANCING ACTIVITIES				
Capital Contributions from Governmental Activities	\$ 682,881	\$ 438,408	\$ 2,735,091	\$ 3,856,380
Total Noncash Capital and Related	682,881	438,408	2,735,091	3,856,380
Financing Activities				
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
TO THE STATEMENT OF NET POSITION				
Cash and Investments	\$ 6,460,816	\$ 5,963,989	\$ 440,124	\$ 12,864,929
Less: Investments not Meeting the Definition	(4,740,462)	(4,375,928)	(322,930)	(9,439,320)
of Cash Equivalents				
Total Cash and Cash Equivalents	\$ 1,720,354	\$ 1,588,061	\$ 117,194	\$ 3,425,609

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Baxter was formed and operates pursuant to applicable Minnesota laws. The governing body consists of a four-member council and a mayor elected by voters of the City.

The City of Baxter's (the City) financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Financial Reporting Entity

The financial reporting entity consists of the City (primary government) and the component unit (legally separate organization) for which the primary government is financially accountable. There is financial accountability if (1) the primary government appoints a voting majority of an organization's governing body and has the ability to impose its will on that governing body or (2) there is the potential for the organization to provide specific financial benefits or to impose specific financial burdens on the primary government. In conformity with generally accepted accounting principles, the financial statements of the City's component unit are included in the financial reporting entity as a blended component unit.

Blended Component Unit

The financial statements of the Economic Development Authority (EDA) of Baxter have been included in the financial reporting entity as a blended component unit because the City and EDA have substantively the same governing body. Members of the EDA board are appointed by the City Council and the EDA board acts as an advisory board to the Council, which is the governing board of the EDA. In addition, City management has operational responsibility over the EDA and operates the EDA in the same manner as City activities.

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) report information about the primary government and its component unit. These statements include the financial activities of the overall City government. Eliminations have been made to minimize the double-counting of internal activities. 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.

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.

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. 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.

Proprietary fund operating revenues 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 availability charges 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 general operating fund of the City. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

Economic Development Fund - The economic development special revenue fund is used to account for the financial activity of the City's Economic Development Authority (EDA). Special assessments and charges for services are restricted for use within this blended component unit.

Sales Tax Collections Fund - The sales tax collections special revenue fund is used to account for financial resources financed by sales tax collections. These revenues are legally restricted for the funding of infrastructure projects.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal, interest and related costs of governmental funds.

Capital Project Fund - The capital project fund is used to account for financial resources to be used for the acquisition or construction of major capital infrastructure, improvements, and equipment.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The City reports the following major proprietary funds:

Water Fund – The water fund accounts for the activities of the City’s water wells, treatment, and distribution.

Sewer Fund – The sewer fund accounts for the activities of the City’s sanitary sewer system.

Storm Water Fund – The storm water fund accounts for the activities of the City’s storm water infrastructure system.

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 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.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and compensated absences, 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes between the various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenue of the City’s enterprise funds are charges to customers for sales of goods and services. Operating expenses for enterprise 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Cash and Investments (Including Cash Equivalents)

Cash balances are invested to the extent available in various securities as authorized by *Minnesota Statutes*. Investment earnings are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Investments are stated at fair value.

For the purposes of the statement of cash flows of the proprietary funds, cash equivalents are considered to be short-term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months.

Cash equivalents are considered to be cash on hand, deposits, and short-term investments with original maturities of three months or less.

2. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered, and temporary loans. These short-term receivables and payables are classified as "due from other funds" or "due to other funds" on the fund financial statements. Longer-term loans are classified as "advances to other funds" or "advances from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

3. Accounts Receivable

No substantial losses are anticipated from present receivable balances. Therefore, no allowance for uncollectible accounts is deemed necessary. Write-offs are done on a case-by-case basis.

4. Prepaid Items

Payments made to vendors for services that will benefit future periods are recorded as prepaid items under the consumption method. That portion of the relevant funds' balances equal to the prepaid items is nonspendable if the amounts are considered to be material, and if sufficient fund balance exists.

5. Property Taxes

The City levies its general property tax for the subsequent year during the month of December and certifies its levy to Crow Wing County which acts as the collection agency for property taxes within the County. Taxes are recognized as receivables on January 1 of the current year when they are levied against individual properties by the County. They become a lien against the property against which they are levied on the levy date.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

5. Property Taxes (Continued)

Current year property tax revenues represent the tax levy certified to the County Auditor-Treasurer in December of 2018 which was collected during the year ended December 31, 2019. Any adjustments or abatements to either the current, or any prior year, levy are adjusted through the current year general property tax revenues. Property taxes not collected by the County and remitted to the City within 60 days of year end are classified as delinquent and not considered measurable and available and are fully offset by deferred inflows of resources in the governmental fund financial statements. Delinquent taxes receivable represents the past six years of uncollected tax years. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material.

6. Special Assessments

Special assessments are levied against the benefited properties for the assessable costs of improvement projects in accordance with *Minnesota Statutes*. Assessments are collectible over a term of years at an interest rate established by the City Council upon adoption of each assessment roll. Any annual installments remaining unpaid as of November 30th of each year are certified to the County for collection with property taxes during the following year. Special assessments receivable includes the past six years of uncollected special assessments. Property owners are allowed to prepay future installments in full without interest or prepayment penalties.

In the governmental fund financial statements, special assessment levies are recorded as a receivable and as unavailable revenue at the time of the levy. Unavailable revenue is recognized as current revenue when the annual assessment installments become measurable and available. Interest on special assessments is also recognized when it becomes measurable and available.

7. Land Held for Resale

Land held for resale is carried at the lower of cost or net realizable value.

8. Capital and Intangible Assets

Capital assets, which include property, plant, equipment, temporary easements, internally developed software, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. In the case of the initial capitalization of infrastructure, the City retroactively implemented the reporting of this item when GASB 34 was implemented. Costs of infrastructure assets from 1980 to 2003, totaling \$24,829,566, have been estimated. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

8. Capital and Intangible Assets

Capital and intangible assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	10-40
Infrastructure	10-40
Land Improvements	10-40
Machinery, Furniture, and Equipment	3-20
Temporary Easements	Length of Term or 5 Years
Internally Developed Software	3

9. Compensated Absences

Compensated absences include accumulated vacation, vested sick leave and compensatory time. All full-time employees of the City are entitled to annual vacation and sick leave with pay. Employees are allowed vacations from 7 to 28 days per year, depending on length of service. Sick leave of one day per month may be accumulated up to a maximum of 120 days for City employees. Upon retirement the employee is paid for all accumulated vacation, compensatory time, and if eligibility requirements are met, 50% of their unused sick leave. Actual payments are made from the fund(s) to which the employee is assigned at the time of retirement. The General, Community Development Special Revenue, Water, Sewer, and Storm Water Funds are involved in paying compensated absences.

Sick leave payments are reported as expenditures for governmental fund types when the payments are made to employees. Appropriations lapse at year-end and accordingly, there are no available expendable financial resources. Because of this, the estimated commitment for sick leave (compensated absences) for governmental funds is reported in the statement of net position.

In the City’s proprietary funds and in the government-wide financial statements, amounts earned but unused for vacation leave and that portion of earned, but unused, sick leave estimated to be payable upon retirement are reflected under the accrual basis of accounting.

10. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

11. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the government-wide and proprietary fund Statements of Net Position and governmental fund Balance Sheet report separate sections for deferred outflows and inflows of resources.

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. It is the deferred outflows of resources related to pensions and OPEB reported in the government-wide and proprietary funds Statements of Net Position. This deferred outflow results from differences between expected and actual experience, changes of assumptions, the difference between projected and actual earnings on pension plan investments, and from contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items which qualify for reporting in this category.

The first item relates to unavailable revenues from property taxes, special assessments, and other revenues. The City will not recognize the related revenue until a future event occurs. The deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected no later than 60 days after the end of the City's year) under the modified accrual basis of accounting. Included in this is also deferred inflows of resources related to municipal state aid received for subsequent years. This amount is deferred on the fund level and in governmental activities as an inflow of resources and will be recognized in the period that the amounts become available.

The second item, deferred inflows of resources related to pensions and OPEB, is reported in the government-wide and proprietary funds Statements of Net Position. This deferred inflow results from differences between expected and actual experience, changes of assumptions, and differences between projected and actual earnings on pension plan investments. These amounts are deferred and amortized as required under pension and OPEB standards.

The third item, deferred inflows of resources related to the gain on refunding, is reported in the proprietary funds and government-wide Statements of Net Position. This deferred inflow results from difference between the reacquisition price and the net carrying amount of refunded bonds. This amount is being amortized in accordance with GAAP.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

12. Pensions

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

13. Fund Balance/Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. A reclassification of \$4,772,000 was made between this net position class and unrestricted net position in the total column on the Statement of Net Position to recognize the portion of debt attributable to capital assets contributed from governmental activities to business-type activities. Net position is reported as restricted in government-wide financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts not available for appropriation. Restricted fund balance represents amounts available for appropriation but intended for a specific use and legally restricted by outside parties. Committed fund balance represents constraints on spending that the Council imposes upon itself by Council resolution; fund balance commitments may only be changed or rescinded by further Council resolution or if the purpose of the commitment has been fulfilled. Assigned fund balance represents resources intended for spending for purposes set by the Council or authorized management. The Council has authorized the Finance Director and his designee to assign fund balance at management's discretion to reflect current and expected operations, consistent with the City's fund balance policy.

Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When any combination of committed, assigned, and unassigned resources are available for use, it is the City's policy to use committed resources first, then assigned, then unassigned resources as they are needed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues, Expenditures, and Expenses

1. Revenues

In the fund financial statements, property taxes are recognized to the extent they are collected and received in the current period or within 60 days after year-end. Portions paid by the State in the form of market value credit aid and other state tax credits are included in intergovernmental revenues. Delinquent property taxes receivable which have not been recognized as revenue are equally offset in the financial statements by deferred inflows of resources.

Licenses and permits, charges for services, fines, forfeits, and miscellaneous revenues are recorded as revenues when measurable and available.

Special assessments principal and interest earnings are recorded as revenues in the same manner as property taxes.

Property Tax Collection Calendar

The City levies its property taxes for the subsequent year during the month of December. In Minnesota, the lien date and assessment date is January 2. The property tax is recorded as revenue when it becomes available. Crow Wing County is the collecting agency for the levy and then remits the collections to the City. All taxes not collected as of December 31 are shown as delinquent taxes receivable.

The County Auditor-Treasurer prepares the tax list for all taxable property in the City, applying the applicable tax capacity rate to the tax capacity value of individual properties, to arrive at the actual tax for each property. The County Auditor-Treasurer also collects all special assessments, except for certain payments paid directly to the City.

The County Auditor-Treasurer provides a list of taxes and special assessments to be collected on each parcel of property to the County Auditor-Treasurer in January of each year.

Property owners are required to pay one-half of their real estate taxes by May 15 and the balances by October 15.

Within 30 days after the May settlement, the County Auditor-Treasurer is required to pay 70% of the estimated collections of taxes and special assessments to the City. The County Auditor-Treasurer must pay the balance to the City within 60 days after the settlement, provided that after 45 days interest begins to accrue.

Within ten business days after November 15, the County Auditor-Treasurer shall pay to each taxing district, except any school district, 100% of the estimated collections arising from taxes levied by and belonging to each taxing district from May 20 to November 20.

2. Expenditures

Expenditure recognition for governmental fund types includes only amounts represented by current liabilities. Since noncurrent liabilities do not affect net current assets, they are not recognized as governmental fund expenditures or liabilities. They are reported as liabilities on the Statements of Net Position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues, Expenditures, and Expenses (Continued)

3. Expenses

Proprietary funds recognize expenses, including compensated absences, when they are incurred.

F. Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The City has legally adopted budgets for the general fund; economic development fund; sales tax collections fund; debt service fund; nonmajor combined tax increment financing special revenue funds; and cemetery, community development, capital park, lodging tax administration, and recycling nonmajor special revenue funds.

Budget amounts presented include the originally adopted budget and final amended budget approved by City Council. The City does not use encumbrances. 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 September 30 of each year, the Finance Director 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. The City adopts the proposed budget as amended and adjusted by the Council and certifies the proposed property tax levy to the County Auditor-Treasurer according to Minnesota Statutes.
2. Public hearings and work sessions on the City's budget are conducted in the Council Chambers at City Hall.
3. Within five business days of December 20th, the final budget is legally enacted by Council resolution and the final property tax levy is certified to the County Auditor-Treasurer.
4. Management is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund are approved by the City Council. Reported budget amounts are as originally adopted or amended by the City Council.
5. Expenditures may not legally exceed budgeted appropriations at the total fund level. Monitoring of budgets is maintained at the expenditure category level (i.e., personnel, supplies, services and charges, and capital outlay) within each program or department (i.e. administration, finance, public works maintenance, information systems, police, public works, parks maintenance, and community development). 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 project fund or subfunds. Project-length financial plans are adopted for the capital projects subfunds.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures over Appropriations

Expenditures exceeded budgeted amounts in the following funds:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Sales Tax Collections Fund	\$ 603,680	\$ 582,000	\$ 21,680
Debt Service Fund	3,061,386	2,804,700	256,686
Nonmajor Special Revenue Fund			
Community Development Fund	548,504	513,300	35,204

The Sales Tax Collections Fund’s excess was the result of unbudgeted expenditures and was funded with related excess revenues. The Debt Service excess was the result of debt payments that were initially budgeted in the TIF Special Revenue Funds. The Community Development Fund had excess expenditures related to professional services that were funded by increased revenues.

Deficit Fund Balances of Nonmajor Funds

TIF District 7 Grand Oaks, TIF District 10 Isle Drive, TIF District 12 Isle/Falcon Drive, TIF District 14 Excelsior/Edgewood nonmajor special revenue funds had negative fund balances at December 31, 2019 of \$5,907, \$94,610, \$169,233, and \$241,948, respectively.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

The Minnesota Municipal Money Market (4M) Fund Trust is a common law trust organized in accordance with the Minnesota Joint Powers Act, which invests only in investment instruments allowable under *Minnesota Statutes* as described on the following page. The 4M fund is an unrated pool that is valued at amortized cost, which approximates fair value, and does not restrict or limit withdrawals made by the City. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of instruments.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Interest Rate Risk

The purpose of this policy is to limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's policy states that maturity dates should vary in order to ensure that the City will have money available when it needs it.

Investment Type	< 6 months	6 - 12 months	1 - 5 years	> 5 years	Fair Value
Money Market Funds	\$ 625,227	\$ -	\$ -	\$ -	\$ 625,227
Federal National Mortgage Association	-	524,511	-	-	524,511
Federal Agricultural Mortgage Corporation	-	454,346	656,099	-	1,110,445
Federal Farm Credit Banks Funding Corporation	-	434,885	-	-	434,885
Federal Home Loan Banks Office of Finance	-	503,612	-	-	503,612
Federal Home Loan Mortgage Corporation	1,099,892	-	525,160	-	1,625,052
US Treasury Note	-	-	-	-	-
Local Government Bonds	2,781,873	499,935	3,920,660	4,349,526	11,551,994
Certificates of Deposit	10,983,536	2,225,012	8,755,091	750,180	22,713,819
4M Fund	18,725	-	-	-	18,725
Total	\$ 15,509,253	\$ 4,642,301	\$ 13,857,010	\$ 5,099,706	\$ 39,108,270

Credit Risk

Minnesota Statutes restrict the types of investments in which the City may invest. The City's investment policy identifies eight different acceptable investment types and the minimum requirements of each one.

The Minnesota Municipal Money Market Trust Fund does not have its own credit rating. MBIA, Inc., who administers the Minnesota Municipal Money Market Fund Trust, holds an organization credit rating of AA by Standard & Poor's. The City also invests in Federal Agricultural Mortgage Corporation, which is not rated, and Federal National Mortgage Association, Federal Farm Credit Bank, Federal Home Loan Bank, and Federal Home Loan Mortgage Corporation, which all hold a credit rating of AA+ by Standard & Poor's. Local government bonds hold a credit rating of A or better.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

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

1. 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 Statute §118A.04, subd. 6*;
2. Mutual funds through shares of registered investment companies provided the mutual fund received certain ratings depending on the investments;
3. 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;
4. Bankers’ Acceptances of United States Banks;
5. 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;
6. With certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Concentration Credit Risk

The City places no official limit on the amount the City may invest in any one issuer, however its policy states that the investment portfolio must be diversified by individual issuer to reduce the exposure to risk of loss. The City did not have any investments in any one issuer exceeding 5% of total investments.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City’s investment policy does not specifically address this risk.

Custodial Credit Risk - Deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy addresses collateralization and states that at no time will deposits exceed \$250,000 unless such excesses are protected by pledged securities.

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.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Authorized collateral includes: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated A or better; revenue obligations of a state or local government 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 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.

As of December 31, 2019, the principal of all City deposits were covered by insurance or collateral.

	<u>Balance</u>
Deposits	\$ 2,872,572
Investments	<u>39,108,270</u>
Total Cash & Investments	<u>\$ 41,980,842</u>
	<u>Balance</u>
Cash & Investments	
Governmental Funds	\$ 29,115,913
Proprietary Funds	<u>12,864,929</u>
Total Cash & Investments	<u>\$ 41,980,842</u>

Fair Value Measurements

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities 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 III). 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.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Financial assets and liabilities recorded on the statement of net position are categorized based on the inputs to the valuation techniques as follows:

Level I – 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 II – 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.

Level III – 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.

Investments are measured as follows:

	12/31/19	Level I	Level II	Level III
Investments by fair value level				
U.S. Government Securities	\$ 4,198,505	\$ -	\$ 4,198,505	\$ -
Local Government Bonds	11,551,994	-	11,551,994	-
Certificates of Deposit	22,713,819	-	22,713,819	-
Money Market Mutual Funds	625,227	625,227	-	-
Total investments by fair value level	<u>39,089,545</u>	<u>\$ 625,227</u>	<u>\$ 38,464,318</u>	<u>\$ -</u>
Investments measured at amortized cost				
4M Fund	18,725			
Total investments	<u>\$ 39,108,270</u>			

U.S. government securities and local government bonds are valued using market approach pricing techniques.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Capital Assets

Capital asset activity of the City for the year ended December 31, 2019, is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
GOVERNMENTAL ACTIVITIES					
Capital Assets not being Depreciated					
Land	\$ 5,997,855	\$ 1,789,137	\$ 1,026,794	\$ -	\$ 6,760,198
Construction in Progress	11,738,096	11,115,873	11,386,735	(3,856,380)	7,610,854
Total Capital Assets not being Depreciated	17,735,951	12,905,010	12,413,529	(3,856,380)	14,371,052
Capital Assets being Depreciated					
Intangible	6,960	-	-	-	6,960
Buildings	1,911,373	-	-	-	1,911,373
Infrastructure	59,452,979	8,644,452	-	-	68,097,431
Land Improvements	3,322,473	706,715	-	-	4,029,188
Machinery, Vehicles, Furniture and Equipment	2,846,622	227,976	11,662	-	3,062,936
Total Capital Assets being Depreciated	67,540,407	9,579,143	11,662	-	77,107,888
Less: Accumulated Depreciation for					
Intangible	6,960	-	-	-	6,960
Buildings	925,282	79,791	-	-	1,005,073
Infrastructure	32,096,897	2,179,115	-	-	34,276,012
Land Improvements	1,506,473	248,092	-	-	1,754,565
Machinery, Vehicles, Furniture and Equipment	2,217,757	171,710	11,662	-	2,377,805
Total Accumulated Depreciation	36,753,369	2,678,708	11,662	-	39,420,415
Total Capital Assets being Depreciated, Net	30,787,038	6,900,435	-	-	37,687,473
Governmental Activities Capital Assets, Net	\$ 48,522,989	\$ 19,805,445	\$ 12,413,529	\$ (3,856,380)	\$ 52,058,525

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Capital Assets (Continued)

The following is a summary of the proprietary funds' capital assets at December 31, 2019:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
BUSINESS-TYPE ACTIVITIES					
Capital Assets not being Depreciated					
Land	\$ 1,710,988	\$ -	\$ -	\$ 128,272	\$ 1,839,260
Construction in Progress	2,075,819	1,124,542	2,757,768	-	442,593
Total Capital Assets not being Depreciated	3,786,807	1,124,542	2,757,768	128,272	2,281,853
Capital Assets being Depreciated					
Intangible	9,867,725	-	-	-	9,867,725
Buildings	9,943,813	-	-	-	9,943,813
Distribution System	56,080,119	2,201,647	-	3,670,819	61,952,585
Land Improvements	559,134	-	-	-	559,134
Machinery, Vehicles, Furniture and Equipment	1,396,262	618,158	-	57,289	2,071,709
Total Capital Assets being Depreciated	77,847,053	2,819,805	-	3,728,108	84,394,966
Less: Accumulated Depreciation for					
Intangible	1,850,231	246,693	-	-	2,096,924
Buildings	2,552,869	248,680	-	-	2,801,549
Distribution System	19,966,863	1,494,650	-	-	21,461,513
Land Improvements	259,494	18,853	-	-	278,347
Machinery, Vehicles, Furniture and Equipment	947,113	152,105	-	-	1,099,218
Total Accumulated Depreciation	25,576,570	2,160,981	-	-	27,737,551
Total Capital Assets being Depreciated, Net	52,270,483	658,824	-	3,728,108	56,657,415
Business-Type Activities Capital Assets, Net	\$ 56,057,290	\$ 1,783,366	\$ 2,757,768	\$ 3,856,380	\$ 58,939,268

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

Governmental Activities	
General Government	\$ 76,209
Public Safety	54,092
Public Works	2,203,014
Culture and Recreation	345,393
Total Depreciation Expense - Governmental Activities	<u>\$ 2,678,708</u>
Business-Type Activities	
Water	\$ 987,305
Sewer	926,684
Storm Water	246,992
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,160,981</u>

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables, Payables, and Transfers

1. Due to/from Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Capital Project Fund	\$ 555,763	Cash deficit
Sewer Fund	Capital Project Fund	473,674	Cash deficit
Total		<u>\$ 1,029,437</u>	

2. Advances from/to Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 781,300	Cover delayed receipts
Economic Development Fund	Nonmajor Governmental Funds	51,100	Cash deficit
		<u>\$ 832,400</u>	

3. Interfund Transfers

	Amount	Purpose
Transfer to General Fund from		
Capital Project Fund	\$ 113,970	Capital Project appropriations
Nonmajor Governmental Funds	25,000	Administrative costs
Water Fund	130,000	Public Works Facility improvements
Sewer Fund	130,000	Public Works Facility improvements
Storm Sewer Fund	72,000	Public Works Facility improvements
Transfer to Economic Development Fund from		
General	31,500	EDA Fund annual appropriation
Transfer to Debt Service Fund from		
General	72,519	Debt service appropriation
Sales Tax Collections	564,082	Debt service appropriation
Nonmajor Governmental Funds	288,239	Debt service appropriation
Water	25,000	Debt service appropriation
Sewer	25,000	Debt service appropriation
Transfer to Capital Project Fund from		
General	387,000	Collector Street appropriation
	256,300	IT, vehicle and equipment annual appropriations
	811,531	Appropriations for capital projects
Sales Tax Collections	1,510,000	Sales Tax Proceeds for capital projects
Nonmajor Governmental	12,000	IT, vehicle and equipment annual appropriations
Water	15,200	IT, vehicle and equipment annual appropriations
	152,793	Appropriations for capital projects
Sewer	12,300	IT, vehicle and equipment annual appropriations
	44,167	Appropriations for capital projects
Storm Water	11,700	IT, vehicle and equipment annual appropriations
Transfer to Nonmajor Governmental Funds from		
General	92,200	Operations
Transfer to Water Fund from		
Sales Tax Collections	306,170	Sales Tax Proceeds for Water Plant Debt Service
Total Transfers	<u>\$ 5,088,671</u>	

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities

1. Long-Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities including infrastructure. General obligation bonds have been issued for both general government and proprietary activities. Bonds issued to provide funds for proprietary activities are reported in proprietary funds if they are expected to be repaid from proprietary revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. Assets of the debt service fund, together with scheduled future ad valorem tax levies, tax increments, sales tax revenues, and special assessments, are dedicated for the retirement of these bonds.

2. Components of Long-Term Debt

	Authorized and Issued	Redeemed	Outstanding	Due in 2020	
				Principal	Interest
GOVERNMENTAL ACTIVITIES					
<u>General Obligation Bonds</u>					
General Obligation Refunding Bonds, Series 2013A; 2.00%; Issued 03/05/2013; Final Maturity 08/01/2026	\$ 4,045,000	\$ 2,090,000	\$ 1,955,000	\$ 260,000	\$ 36,500
General Obligation Improvement Bonds, Series 2014; 0.50 to 3.00%; Issued 12/22/2014; Final Maturity 02/01/2027	1,925,000	935,000	990,000	115,000	23,659
General Obligation Improvement Bonds, Series 2015; 2.00 to 2.75%; Issued 12/22/2015; Final Maturity 02/01/2028	7,130,000	2,230,000	4,900,000	500,000	103,163
General Obligation Tax Increment Bonds, Series 2015; 2.00 to 2.75%; Issued 12/22/2015; Final Maturity 02/01/2028	1,400,000	695,000	705,000	245,000	12,213
General Obligation Improvement Bonds, Series 2016; 2.00%; Issued 12/15/2016; Final Maturity 02/01/2024	2,225,000	670,000	1,555,000	430,000	26,800
General Obligation Improvement Bonds, Series 2018; 3.00 to 5.00%; Issued 11/27/2018; Final Maturity 02/01/2029	4,930,000	-	4,930,000	375,000	196,025
General Obligation Tax Increment Bonds, Series 2018; 3.00 to 5.00%; Issued 11/27/2018; Final Maturity 02/01/2036	1,210,000	-	1,210,000	-	45,998
General Obligation Improvement Bonds, Series 2019; 2.00 to 5.00%; Issued 11/19/2019; Final Maturity 02/01/2030	2,470,000	-	2,470,000	-	67,148
Total General Obligation Bonds	25,335,000	6,620,000	18,715,000	1,925,000	511,506
Add: Unamortized Premium	-	-	886,367	-	-
Total General Obligation Bonds, Net	25,335,000	6,620,000	19,601,367	1,925,000	511,506

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

2. Components of Long-Term Debt (Continued)

	Authorized and Issued	Redeemed	Outstanding	Due in 2020	
				Principal	Interest
General Obligation Revenue Notes					
Taxable General Obligation Sales Tax Wastewater Revenue Note (to City of Brainerd), Series 2009B; 3.233%; Issued 06/24/09; Final Maturity 08/20/2028.	\$ 8,655,596	\$ 3,883,596	\$ 4,772,000	\$ 465,333	\$ 154,279
Total Governmental Activities Long-Term Debt	33,990,596	10,503,596	24,373,367	2,390,333	665,785
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds					
General Obligation Refunding Bonds, Series 2013A; 2.00%; Issued 03/05/2013; Final Maturity 08/01/2026	\$ 5,950,000	\$ 2,460,000	\$ 3,490,000	\$ 500,000	\$ 67,500
Total General Obligation Bonds, Net	5,950,000	2,460,000	3,490,000	500,000	67,500
Add: Unamortized Premium	-	-	96,516	-	-
Total Business-Type Activities	5,950,000	2,460,000	3,586,516	500,000	67,500
Total Long-Term Debt	\$ 39,940,596	\$ 12,963,596	\$ 27,959,883	\$ 2,890,333	\$ 733,285

3. Changes in Long-Term Debt

	December 31, 2018	Additions	Retirements	December 31, 2019	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds	\$ 18,280,000	\$ 2,470,000	\$ 2,035,000	\$ 18,715,000	\$ 1,925,000
Issuance Premium (Discount)	637,015	299,788	50,436	886,367	-
Total General Obligation Bonds Payable	18,917,015	2,769,788	2,085,436	19,601,367	1,925,000
General Obligation Revenue Notes	5,222,667	-	450,667	4,772,000	465,333
Compensated Absences	343,125	340,458	294,119	389,464	21,339
Other Postemployment Benefits	258,424	93,446	21,252	330,618	-
Net Pension Liability - PERA	2,261,990	558,347	471,752	2,348,585	-
Governmental Activity Long-Term Liabilities	\$ 27,003,221	\$ 3,762,039	\$ 3,323,226	\$ 27,442,034	\$ 2,411,672
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds	\$ 3,975,000	\$ -	\$ 485,000	\$ 3,490,000	\$ 500,000
Issuance Premium (Discount)	111,290	-	14,774	96,516	-
Total General Obligation Bonds Payable	4,086,290	-	499,774	3,586,516	500,000
Compensated Absences	28,779	21,906	31,361	19,324	2,143
Net Pension Liability - PERA	233,103	-	38,823	194,280	-
Business Activity Long-Term Liabilities	\$ 4,348,172	\$ 21,906	\$ 569,958	\$ 3,800,120	\$ 502,143

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

3. Changes in Long-Term Debt (Continued)

For the governmental activities, compensated absences, other postemployment benefits, and net pension liability are generally liquidated through the General Fund.

4. Minimum Debt Payments

Debt requirements to maturity are as follows:

Year Ending December 31,	Governmental Activities			Governmental Activities		
	General Obligation Bonds			General Obligation Revenue Notes		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 1,925,000	\$ 511,504	\$ 2,436,504	\$ 465,333	\$ 154,279	\$ 619,612
2021	2,275,000	498,069	2,773,069	480,333	139,235	619,568
2022	2,105,000	434,403	2,539,403	496,000	123,705	619,705
2023	1,895,000	376,333	2,271,333	512,000	107,670	619,670
2024	1,945,000	318,923	2,263,923	528,334	91,117	619,451
2025-29	7,805,000	680,663	8,485,663	2,290,000	188,021	2,478,021
2030-34	570,000	73,030	643,030			
3035-36	195,000	7,011	202,011			
Total	\$ 18,715,000	\$ 2,899,936	\$ 21,614,936	\$ 4,772,000	\$ 804,027	\$ 5,576,027

Year Ending December 31,	Business-Type Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2020	\$ 500,000	\$ 67,500	\$ 567,500
2021	510,000	57,450	567,450
2022	525,000	47,200	572,200
2023	530,000	36,650	566,650
2024	545,000	26,000	571,000
2025-26	880,000	21,300	901,300
Total	\$ 3,490,000	\$ 256,100	\$ 3,746,100

5. Risk Management

The City is exposed to various risks of loss related to: torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The City has entered into a joint powers agreement with the League of Minnesota Cities Insurance Trust (LMCIT). The LMCIT is a public entity risk pool currently operating as common risk management and insurance program for Minnesota cities. The City also carries commercial insurance for certain other risks of loss, including employee health insurance.

The agreement for formation of the LMCIT provides that the pool will be self-sustaining through member assessments and will reinsure through commercial companies for claims in excess of reserved amounts for each insured event. The pool can make additional assessments to make the pool self-sustaining. The City has determined that it is not possible to estimate the amount of such additional assessments; however, they are not expected to be material to the financial statements. There were no significant reductions in insurance coverage from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Fund Balance

Portions of the City’s fund balance are nonspendable, restricted due to legal restrictions, committed by Council action, assigned by City management, or unassigned. The following is a summary of fund balance components at December 31, 2019:

	General Fund	Economic Development	Sales Tax Collections	Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable							
Prepaid Items	\$ 805	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 805
Advances to Other Funds	781,300	-	-	-	-	-	781,300
Total Nonspendable	782,105	-	-	-	-	-	782,105
Restricted							
Debt Service	-	-	-	5,781,939	-	-	5,781,939
Bond Proceeds	-	-	-	-	-	-	-
Economic Development	-	3,639,764	-	-	-	-	3,639,764
Sales Tax	-	-	8,234,332	-	-	-	8,234,332
Tax Increment Financing	-	-	-	-	-	450,552	450,552
Police Activity	-	-	-	-	-	75,526	75,526
Total Restricted	-	3,639,764	8,234,332	5,781,939	-	526,078	18,182,113
Committed							
Cemetery Care	-	-	-	-	-	48,227	48,227
Culture and Recreation	-	-	-	-	-	202,376	202,376
Economic and Community Development	-	-	-	-	-	521,052	521,052
Recycling	-	-	-	-	-	1,228	1,228
Total Committed	-	-	-	-	-	772,883	772,883
Assigned							
Cemetery	-	-	-	-	-	2,017	2,017
Capital Projects	-	-	-	-	6,242,812	-	6,242,812
Total Assigned	-	-	-	-	6,242,812	2,017	6,244,829
Unassigned							
	3,116,378	-	-	-	-	(511,698)	2,604,680
Total Fund Balance	\$ 3,898,483	\$ 3,639,764	\$ 8,234,332	\$ 5,781,939	\$ 6,242,812	\$ 789,280	\$ 28,586,610

NOTE 4 DEFINED BENEFIT PENSION PLANS

The City participates in various pension plans. Total pension expense for the year ended December 31, 2019 was \$335,855. The components of pension expense are noted in the following plan summaries.

The General Fund and Water, Sewer, and Storm Water Funds typically liquidate the liability related to pensions.

A. Plan Description

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

1. General Employees Retirement Plan

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

2. Public Employees Police and Fire Plan

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

B. Benefits Provided

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

1. General Employees Retirement Plan Benefits

General Employees Plan 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 PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Retirement Plan Benefits (Continued)

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. Public Employees Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

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

1. General Employees Retirement Plan Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2019 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Retirement Plan for the year ended December 31, 2019, were \$137,998. The City's contributions were equal to the required contributions as set by state statute.

2. Public Employees Police and Fire Plan Contributions

Police and Fire member's contribution rates increased from 10.8 percent of pay to 11.3 percent and employer rates increased from 16.2 percent to 16.95 percent on January 1, 2019. The City's contributions to the Police and Fire Fund for the year ended December 31, 2019, were \$202,152. The City's contributions were equal to the required contributions as set by state statute.

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Retirement Plan Pension Costs

At December 31, 2019, the City reported a liability of \$1,421,843 for its proportionate share of the General Employees Retirement Plan’s net pension liability. The City’s net pension liability reflected a reduction due to the State of Minnesota’s contribution of \$16 million to the fund in 2019. The State of Minnesota is considered a non-employer contributing entity and the State of Minnesota’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 \$44,165.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportionate share of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2019, the City’s proportion share was 0.0257% which was an decrease of 0.0007% from its proportionate share measured as of June 30, 2018.

City's proportionate share of the net pension liability	\$ 1,421,843
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>44,165</u>
Total	<u>\$ 1,466,008</u>

For the year ended December 31, 2019, the City recognized pension expense of \$162,730 for its proportionate share of the General Employees Retirement Plan’s pension expense. Included in the amount, the City recognized \$3,308 for the year ended December 31, 2019, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s \$16,000,000 on-behalf contributions to the General Employees Retirement Fund.

At December 31, 2019, the City reported its proportionate share of the General Employees Retirement Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 38,439	\$ -
Changes in actuarial assumptions	-	109,618
Difference between projected and actual investment earnings	-	135,021
Changes in proportion	66,760	82,866
Contributions paid to PERA subsequent to the measurement date	<u>68,999</u>	<u>-</u>
Total	<u>\$ 174,198</u>	<u>\$ 327,505</u>

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Retirement Plan Pension Costs (Continued)

\$68,999 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Pension Expense</u>
2020	\$ (98,208)
2021	(87,791)
2022	(38,598)
2023	<u>2,291</u>
Total	<u>\$ (222,306)</u>

2. Public Employees Police and Fire Plan Pension Costs

At December 31, 2019, the City reported a liability of \$1,121,022 for its proportionate share of the Public Employees Police and Fire Plan’s net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportionate share of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2019, the City’s proportionate share was 0.1067% which was an increase of 0.0092% percent from its proportionate share measured as of June 30, 2018.

The City also recognized \$14,398 for the year ended December 31, 2019, 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. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

For the year ended December 31, 2019, the City recognized pension expense of \$172,795 for its proportionate share of the Police and Fire Plan’s pension expense.

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Public Employees Police and Fire Plan Pension Costs (Continued)

At December 31, 2019, the City reported its proportionate share of the Public Employees Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 44,719	\$ 157,550
Changes in actuarial assumptions	856,946	1,138,120
Difference between projected and actual investment earnings	-	210,192
Changes in proportion	103,803	51,119
Contributions paid to PERA subsequent to the measurement date	101,076	-
Total	<u>\$ 1,106,544</u>	<u>\$ 1,556,981</u>

\$101,076 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense
2020	\$ (61,830)
2021	(131,023)
2022	(395,135)
2023	21,265
2024	15,210
Total	<u>\$ (551,513)</u>

E. Actuarial Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50 % per year
Active Member Payroll Growth	3.25 % per year
Investment Rate of Return	7.50 % per year

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan and 1.0 percent per year for the Police and Fire Plan.

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2019:

General Employees Fund

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.

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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 Stocks	35.5%	5.10%
Private Markets	25.0%	5.90%
Fixed Income	20.0%	0.75%
International Equity	17.5%	5.90%
Cash Equivalents	2.0%	0.00%
	100.0%	

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Discount Rate

The discount rate used to measure the total pension liability in 2019 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. 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:

	General Employees Fund		Police and Fire Fund	
1% Lower	6.50%	\$ 2,335,876	6.50%	2,467,420
Current Discount Rate	7.50%	1,421,843	7.50%	1,121,022
1% Higher	8.50%	665,397	8.50%	(14,376)

E. 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 5 DEFINED CONTRIBUTION PENSION PLAN

One elected official of the City is covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

The defined contribution plan consists of individual accounts paying a lump sum benefit. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses; therefore, there is no future liability to the City. Minnesota Statutes, Chapter 353D.03, specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and twenty-five hundredths of 1 percent of the assets in each member's account annually.

Pension expense for the year is equal to the contributions made. Total contribution amounts for the years ending December 31, 2019, 2018, and 2017 were \$330, \$261 and \$261 respectively, equal to the contractually required contributions for each year as set by state statute.

NOTE 6 POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The City provides a single-employer defined benefit health care plan to eligible retirees. The plan offers medical coverage that is administered by the City of Baxter and Sourcewell. Health Partners, under contract with Sourcewell, is the claims administrator. It is the City’s policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for District employees and retirees. No assets are accumulated in a trust.

B. Benefits Provided

At retirement, the City provides benefits for retirees as required by Minnesota Statute §471.61 subdivision 2b. Active employees who retire from the City when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the City’s health benefits program. Pursuant to the provisions of the plan, retirees are required to pay 100 percent of the total premium cost.

C. Members

As of January 1, 2019, the following were covered by the benefit terms:

Active employees electing coverage	41
Retirees receiving payments	<u>2</u>
	<u>43</u>

D. Contributions

Retirees contribute to the health care plan at the same rate as City employees, with no direct subsidy from the City. However, this results in retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on contract terms with Sourcewell. The required contributions are based on projected pay-as-you-go financing requirements. For 2019, the City contributed \$21,192 to the plan.

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>Key Methods and Assumptions Used in Valuation of Total OPEB Liability</u>	
Salary increases	3.00%
Inflation	2.50%
Healthcare cost trend increases	6.50% as of January 1, 2019, decreasing each year to an ultimate rate of 5.00% over 6 years
Mortality Assumption	RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel)

NOTE 6 POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

The actuarial assumptions used in the January 1, 2019 valuation were based on results of an actuarial experience study for the period January 1, 2018 – December 31, 2018.

The discount rate used to measure the total OPEB liability was 3.80% based on the 20-year municipal bond yield.

F. Total OPEB Liability

The City’s total OPEB liability of \$330,618 was measured as of January 1, 2019 and was determined by an actuarial analysis as of that date.

	Total OPEB Liability
Balances at January 1, 2018	\$ 258,424
Changes for the year	
Service Cost	7,746
Interest Cost	8,437
Assumption Changes	(7,767)
Plan Changes	-
Differences between Expected and	
Actual Experience	84,970
Benefit Payments	(21,192)
Administrative Expense	-
Other Charges	-
Net Changes	<u>72,194</u>
Balances at January 1, 2019	<u>\$ 330,618</u>

Assumption changes:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for Police and Fire Personnel were updated.
- The discount rate was changed from 3.30% to 3.80%.

NOTE 6 POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. OPEB Liability Sensitivity

The following presents the City’s total OPEB liability calculated using the discount rate of 3.80% as well as the liability measured using 1% lower and 1% higher than the current discount rate:

Net OPEB Liability (Asset)		
1% Decrease in Discount Rate (2.80%)	Current Discount Rate (3.80%)	1% Increase in Discount Rate (4.80%)
\$ 349,018	\$ 330,618	\$ 313,394

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using health care trend rates that are 1% lower and 1% higher than the current health care trend rates:

Net OPEB Liability (Asset)		
1% Decrease (5.50%) Decreasing to (4.00%)	Current (6.50%) Decreasing to (5.00%)	1% Increase (7.50%) Decreasing to (6.00%)
\$ 310,364	\$ 330,618	\$ 353,590

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

For the year ended December 31, 2019, the City recognized OPEB expense of \$23,903. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability losses	\$ 76,473	\$ -
Subsequent contributions	34,250	-
Assumption changes	-	6,990
Total	\$ 110,723	\$ 6,990

NOTE 6 POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

I. OPEB Liability Sensitivity

\$34,250 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31	Pension Expense
2020	\$ 7,720
2021	7,720
2022	7,720
2023	7,720
2024	7,720
Thereafter	<u>30,883</u>
Total	<u>\$ 69,483</u>

NOTE 7 TAX INCREMENT FINANCING

The City has entered into seven Tax Increment Financing (TIF) agreements which meet the criteria for disclosure under Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures. The City's authority to enter into these agreements comes from Minnesota Statute 469. The City entered into these agreements for the purpose of promoting economic development and housing opportunities.

Under each agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City through tax revenues from the additional taxable value of the property generated by the development (tax increment). A "pay-as-you-go" note ("Note") is established for this amount, on which the City makes payments for a fixed period of time with available tax increment revenue after deducting for certain administrative costs. The Notes are not a debt of the City and the City is not liable on the Notes, except for the City's obligations to make payments from pledged tax increment from the applicable TIF district. The Notes shall not be payable out of any funds or properties other than pledged tax increment.

During the year ended December 31, 2019, the City generated \$338,435 in tax increment revenue on the seven TIF districts with TIF pay-as-you-go notes and incurred \$124,251 in developer payments. The following three agreements each exceeded 15% of the total tax increment generated on the pay-as-you-go TIF districts throughout the year.

- TIF District No. 5 was established in 2001 for the purpose of site acquisition and site improvements for a housing development. Under the original agreement, up to \$300,000 of development costs plus interest was reimbursed through tax increment. The original tax increment note was satisfied in 2018. In 2019, a supplemental tax increment note was issued for up to \$320,000 of prior eligible development costs to be reimbursed over a period not to exceed approximately ten and one-half years. During the year ended December 31, 2019, the City generated \$56,600 of tax increment revenue and made payments of \$33,960 on the Note. The Supplemental Note's balance at year-end was \$286,040.

NOTE 7 TAX INCREMENT FINANCING (CONTINUED)

- TIF District No. 8 was established in 2007 for the purpose of site improvements for a housing development. Under the agreement, up to \$500,000 of development costs will be reimbursed through tax increment over a ten-year period. During the year ended December 31, 2019, the City generated \$60,742 of tax increment revenue and made payments on the Note of \$34,451. The Note was paid in full by year-end.
- TIF District No. 11 was established in 2014 for the purpose of site improvements for a housing development. Under the agreement, up to \$392,000 of development costs will be reimbursed through tax increment over a period not to exceed 15 years. During the year ended December 31, 2019, the City generated \$28,478 of tax increment revenue and made payments on the Note of \$25,631. The Note's balance at year-end was \$291,756.

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

A. Construction Commitments

At year-end, the City had approximately \$1,365,000 of outstanding construction commitments related to construction services for the Lift Station 3 Reroute, 2019 Mill and Overlay project, Jasperwood/Mapleton infrastructure, and the north water tower reconditioning.

B. Contingencies/Commitments

The City, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. The City Attorney estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

C. Revenue-Sharing Agreement

In August 2015, the City entered into a revenue-sharing agreement with the City of Brainerd (Brainerd) to finance \$8 million of improvements to the Brainerd Lakes Regional Airport. On a semi-annual basis, the City remits 20% of its net sales tax revenues to Brainerd. Through 2019, the City has paid \$2,358,394 of its sales tax revenues to Brainerd. The City's liability is limited to 20% of its net sales tax revenue collected through 2037, up to \$8,000,000 total.

D. Related Organization

On February 12, 2007, the City entered into a Joint Powers Agreement with Independent School District No. 181. The purpose of the agreement is to allow the City and School District to work jointly together to provide social and recreational services and activities, to work collaboratively to avoid the duplication of social and recreational services, to maximize the efficiency of City and School District personnel and to cooperate in the operation of integrated city and school recreation sites and facilities.

The Joint Powers Board is composed of six members: one member of the City Council, one member of the School Board, one member of the Park and Trails Commission, the Director of Community Education for the School District, the City Administrator, and the Superintendent of Schools for the School District.

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

E. Subsequent Events

In March 2020, the City approved about a \$2,500,000 contract for street improvements to the Excelsior, Fairview, and Golf Course commercial area.

In April 2020, the City approved a contract for approximately \$8,600,000 for the South Interceptor and North Forestview Improvements.

On March 13, 2020, a national emergency was declared for the COVID-19 outbreak in the United States of America. This event affects the economy and financial markets. The extent on the impact on the City may be both direct and indirect and will vary based on the duration of the outbreak and various other factors. An estimate of the financial effect on the City's financial statements at December 31, 2019 cannot be determined at this time.

NOTE 9 PRIOR PERIOD RESTATEMENT

A prior period restatement was required in the Economic Development Fund to record an understatement in Land Held for Resale. This resulted in an increase to beginning fund balance and net position of \$47,100.

NOTE 10 NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

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

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period enhances the relevance and comparability of information about capital asses and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. This statement will be effective for the year ending December 31, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN THE MD&A**

Schedule of Changes in Total OPEB Liability and Related Ratios

December 31, 2019

	December 31, 2019
Total OPEB Liability	
Service Cost	\$ 7,746
Interest	8,437
Assumption Changes	(7,767)
Differences between Expected and Actual Experience	84,970
Benefit Payments	(21,192)
Net change in total OPEB liability	<u>72,194</u>
Beginning of year	<u>258,424</u>
End of Year	<u>\$ 330,618</u>
Covered-employee payroll	\$ 2,849,493
Total OPEB liability as a percentage of covered-employee payroll	11.6%

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

Assumption changes:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for Police and Fire Personnel were updated.
- The discount rate was changed from 3.30% to 3.80%.

Fiscal Year Ending (for the Financial Reporting Period)	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
<u>General Employees Plan</u>					
12/31/2019	\$ 137,998	\$ 137,998	-	\$ 1,839,973	7.5%
12/31/2018	135,233	135,233	-	1,803,112	7.5%
12/31/2017	125,914	125,914	-	1,678,853	7.5%
12/31/2016	120,106	120,106	-	1,601,400	7.5%
12/31/2015	122,416	122,416	-	1,632,213	7.5%
<u>Public Employees Police and Fire Plan</u>					
12/31/2019	\$ 202,152	202,152	-	1,192,637	17.0%
12/31/2018	172,325	172,325	-	1,063,734	16.2%
12/31/2017	163,806	163,806	-	1,011,149	16.2%
12/31/2016	155,324	155,324	-	958,794	16.2%
12/31/2015	144,398	144,398	-	891,346	16.2%

* This schedule is intended to show information for ten years, but is provided prospectively beginning with the year ended December 31, 2015. Additional year's information will be disclosed as it becomes available.

Fiscal Year Ending (for the Measurement Period)	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share of Net Pension Liability	Total City and State Proportionate Share of NPL	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>General Employees Plan</u>							
6/30/2019	0.0257%	\$ 1,421,843	\$ 44,165	\$ 1,466,008	\$ 1,820,040	78.1%	80.2%
6/30/2018	0.0264%	1,464,095	48,100	1,512,195	1,773,828	82.5%	79.5%
6/30/2017	0.0243%	1,551,296	19,506	1,570,802	1,565,456	99.1%	75.9%
6/30/2016	0.0270%	2,192,266	28,577	2,220,843	1,674,559	130.9%	68.9%
6/30/2015	0.0267%	1,383,733	-	1,383,733	1,569,468	88.2%	78.2%
<u>Public Employees Police and Fire Plan</u>							
6/30/2019	0.1067%	\$ 1,121,022	\$ -	1,121,022	\$ 1,100,118	101.9%	89.3%
6/30/2018	0.0975%	1,030,998	-	1,030,998	1,028,102	100.3%	88.8%
6/30/2017	0.0950%	1,282,613	-	1,282,613	980,042	130.9%	85.4%
6/30/2016	0.0970%	3,892,779	-	3,892,779	933,686	416.9%	63.9%
6/30/2015	0.0980%	1,113,509	-	1,113,509	896,822	124.2%	86.6%

* This schedule is intended to show information for ten years, but is provided prospectively beginning with the year ended December 31, 2015. Additional year's information will be disclosed as it becomes available.

GENERAL EMPLOYEES FUND

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00% beginning July 1, 2018.
- Deferred augmentation was changed to 0.00% effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2014, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.

- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes

Changes in Plan Provisions

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

Changes in Actuarial Assumptions

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

POLICE AND FIRE FUND

2019 Changes

Changes in Actuarial Assumptions

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

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- As set by statute, the assumed post-retirement benefit increase was changed from 1.0% per year through 2064 and 2.5% per year, thereafter, 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 11.30% of pay, effective July 1, 2019 and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning January 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.

- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes

Changes in Plan Provisions

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

Changes in Actuarial Assumptions

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

**OTHER MAJOR GOVERNMENTAL FUNDS –
BUDGET AND ACTUAL**

Budget and Actual – Debt Service Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
General Property Taxes	\$ 1,076,000	\$ 1,076,000	\$ 1,080,711	\$ 4,711
Special Assessments				
Principal	721,700	721,700	1,116,226	394,526
Interest	273,000	273,000	316,854	43,854
Intergovernmental				
Federal	55,200	55,200	55,433	233
Investment Earnings	32,200	32,200	107,426	75,226
Net Increase (Decrease) in Fair Value of Investments	-	-	29,404	29,404
Total Revenues	2,158,100	2,158,100	2,706,054	547,954
EXPENDITURES				
DEBT SERVICE				
Principal	2,245,700	2,245,700	2,485,667	239,967
Interest and Fiscal Charges	559,000	559,000	575,719	16,719
Total Expenditures	2,804,700	2,804,700	3,061,386	256,686
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(646,600)	(646,600)	(355,332)	291,268
OTHER FINANCING SOURCES (USES)				
Issuance of GO Bonds	-	-	4,231	4,231
Transfers In	614,400	686,900	974,840	287,940
Total Other Financing Sources (Uses)	614,400	686,900	979,071	292,171
NET CHANGE IN FUND BALANCE	\$ (32,200)	\$ 40,300	623,739	\$ 583,439
Fund Balance - Beginning of Year			5,158,200	
FUND BALANCE - END OF YEAR			\$ 5,781,939	

COMBINING AND INDIVIDUAL FINANCIAL SCHEDULES

OTHER GOVERNMENTAL FUNDS

Other governmental funds are nonmajor special revenue funds reported in the other governmental funds column of the governmental funds financial statements. Special revenue funds are used to account for specific revenues that are legally restricted for particular purposes.

Cemetery Fund - This fund is used to account for the activities of the City owned and operated Baxter Cemetery. A portion of plot sales are committed for capital outlay and perpetual care of the cemetery.

Community Development Fund - This fund is used to account for funds committed to the operation of the City's Community Development department. Operations include building inspection and community planning.

Capital Park Fund - This fund is used to account for donations, developer fees, and other revenues legally restricted or committed for capital expenditures related to the City's parks.

Project Development Fund - This fund is used to account for developer fees committed for specified economic development projects.

Revolving Loan Fund - This fund is used to account for grant and loan repayment funds restricted for the issuance of revolving economic development loans.

Lodging Tax Administration Fund - This fund is used to account for the collection of lodging tax revenues and the promotion of tourism for the City.

TIF District 5 Arbor Glenn Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Arbor Glenn tax increment project.

TIF District 6 Clearwater Estates Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Clearwater Estates tax increment project.

TIF District 7 Grand Oaks Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Grand Oaks tax increment project.

TIF District 8 Arbor Glenn 2 Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Arbor Glenn 2 tax increment project.

TIF District 9 Grand Oaks Court Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Grand Oaks Court tax increment project.

TIF District 10 Isle Drive Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Isle Drive tax increment project.

TIF District 11 Sprucewood Townhomes Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Sprucewood Townhomes tax increment project.

TIF District 12 Isle/Falcon Drive Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Isle Drive/Falcon Drive tax increment project.

TIF District 13 Avantech Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Avantech tax increment project.

TIF District 14 Excelsior/Edgewood Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Excelsior/Edgewood tax increment project.

Alcohol Seizure Fund - This fund is used to account for the proceeds from the sale of DUI forfeited property restricted by State statute for expenditures related to DUI enforcement and education.

Drug Seizure Fund - This fund is used to account for the proceeds from the sale of drug offense forfeited property restricted by State statute for expenditures related to drug enforcement and education.

Recycling Fund - This fund is used to account for SCORE grant revenues committed to the City's recycling program.

City of Baxter, Minnesota
 Combining Balance Sheet
 Other Governmental Funds

Comprehensive Annual Financial Report
 December 31, 2019

	Cemetery	Community Development	Capital Park	Project Development	Lodging Tax Administration	TIF District 5 Arbor Glenn	TIF District 6 Clearwater Estates	TIF District 7 Grand Oaks
ASSETS								
Cash and Pooled Investments	\$ 51,257	\$ 539,401	\$ 209,556	\$ 282,660	\$ 18,474	\$ 214,287	\$ 102,453	\$ 7,145
Accounts Receivable	-	40	-	-	24,823	-	-	-
Special Assessments Receivable	-	13,300	-	-	-	-	-	-
Total Assets	\$ 51,257	\$ 552,741	\$ 209,556	\$ 282,660	\$ 43,297	\$ 214,287	\$ 102,453	\$ 7,145
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ 1,013	\$ 19,357	\$ 3,675	\$ 1,553	\$ 43,297	\$ 16,980	\$ 1,881	\$ 7,252
Due to Other Governments	-	677	-	-	-	-	-	-
Salaries Payable	-	10,529	-	-	-	-	-	-
Unearned Revenues	-	-	3,505	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-	-	5,800
Escrow Deposits	-	78,475	-	190,418	-	-	-	-
Total Liabilities	1,013	109,038	7,180	191,971	43,297	16,980	1,881	13,052
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue								
Special Assessments	-	13,300	-	-	-	-	-	-
Other	-	40	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	13,340	-	-	-	-	-	-
FUND BALANCES								
Restricted	-	-	-	-	-	197,307	100,572	-
Committed	48,227	430,363	202,376	90,689	-	-	-	-
Assigned	2,017	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(5,907)
Total Fund Balances	50,244	430,363	202,376	90,689	-	197,307	100,572	(5,907)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 51,257	\$ 552,741	\$ 209,556	\$ 282,660	\$ 43,297	\$ 214,287	\$ 102,453	\$ 7,145

City of Baxter, Minnesota
 Combining Balance Sheet
 Other Governmental Funds (continued)

Comprehensive Annual Financial Report
 December 31, 2019

	TIF District 8 Arbor Glenn 2	TIF District 9 Grand Oaks Court	TIF District 10 Isle Drive	TIF District 11 Sprucewood Townhomes	TIF District 12 Isle/Falcon Drive	TIF District 13 Avantech	TIF District 14 Excelsior/ Edgewood
ASSETS							
Cash and Pooled Investments	\$ 104,204	\$ 11,444	\$ 221,425	\$ 20,686	\$ 28,789	\$ 123,265	\$ 19,552
Accounts Receivable	-	-	-	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-	-
Total Assets	\$ 104,204	\$ 11,444	\$ 221,425	\$ 20,686	\$ 28,789	\$ 123,265	\$ 19,552
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 35,158	\$ 7,853	\$ 35	\$ 12,815	\$ 22	\$ -	\$ -
Due to Other Governments	-	-	-	-	-	-	-
Salaries Payable	-	-	-	-	-	-	-
Unearned Revenues	-	-	-	-	-	-	-
Advances from Other Funds	-	-	316,000	-	198,000	51,100	261,500
Escrow Deposits	-	-	-	-	-	-	-
Total Liabilities	35,158	7,853	316,035	12,815	198,022	51,100	261,500
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue							
Special Assessments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
FUND BALANCES							
Restricted	69,046	3,591	-	7,871	-	72,165	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	(94,610)	-	(169,233)	-	(241,948)
Total Fund Balances	69,046	3,591	(94,610)	7,871	(169,233)	72,165	(241,948)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 104,204	\$ 11,444	\$ 221,425	\$ 20,686	\$ 28,789	\$ 123,265	\$ 19,552

	Alcohol Seizure	Drug Seizure	Recycling	Combined Totals
ASSETS				
Cash and Pooled Investments	\$ 42,249	\$ 57,085	\$ 36,039	\$ 2,089,971
Accounts Receivable	-	-	-	24,863
Special Assessments Receivable	-	-	-	13,300
Total Assets	\$ 42,249	\$ 57,085	\$ 36,039	\$ 2,128,134
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 810	\$ -	\$ 17,760	\$ 169,461
Due to Other Governments	-	-	-	677
Salaries Payable	-	-	-	10,529
Unearned Revenues	-	-	17,051	20,556
Advances from Other Funds	-	-	-	832,400
Escrow Deposits	-	22,998	-	291,891
Total Liabilities	810	22,998	34,811	1,325,514
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue				
Special Assessments	-	-	-	13,300
Other	-	-	-	40
Total Deferred Inflows of Resources	-	-	-	13,340
FUND BALANCES				
Restricted	41,439	34,087	-	526,078
Committed	-	-	1,228	772,883
Assigned	-	-	-	2,017
Unassigned	-	-	-	(511,698)
Total Fund Balances	41,439	34,087	1,228	789,280
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 42,249	\$ 57,085	\$ 36,039	\$ 2,128,134

Other Governmental Funds

	Cemetery	Community Development	Capital Park	Project Development	Lodging Tax Administration	TIF District 5 Arbor Glenn	TIF District 6 Clearwater Estates	TIF District 7 Grand Oaks
REVENUES								
Lodging Tax	\$ -	\$ -	\$ -	\$ -	\$ 397,118	\$ -	\$ -	\$ -
Tax Increments	-	-	-	-	-	56,600	96,393	15,266
Franchise Fees	-	-	-	-	-	-	-	-
Licenses, Permits, and Fees	-	314,185	-	-	-	-	-	-
Intergovernmental	-	493	-	180,295	-	-	-	-
Charges for Services	-	144,993	-	-	-	-	-	-
Fines and Forfeits	-	499	-	-	-	-	-	-
Gifts and Contributions	-	-	-	-	-	-	-	-
Investment Earnings	1,304	13,898	5,147	7,115	247	4,503	1,077	37
Net Increase (Decrease) in Fair Value of Investments	308	3,462	1,129	1,647	-	1,165	405	13
Miscellaneous	8,400	21	72,000	-	-	-	-	-
Total Revenues	10,012	477,551	78,276	189,057	397,365	62,268	97,875	15,316
EXPENDITURES								
CURRENT								
General Government	15,386	-	-	-	-	-	-	-
Public Safety	-	217,453	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	11,544	-	-	-	-	-
Economic and Community Development	-	331,051	-	181,623	397,365	41,184	4,857	15,825
CAPITAL OUTLAY								
General Government	9,601	-	-	-	-	-	-	-
Culture and Recreation	-	-	192,943	-	-	-	-	-
DEBT SERVICE								
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	24,987	548,504	204,487	181,623	397,365	41,184	4,857	15,825
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14,975)	(70,953)	(126,211)	7,434	-	21,084	93,018	(509)
OTHER FINANCING SOURCES (USES)								
Transfers In	15,000	65,000	8,300	-	-	-	-	-
Transfers Out	-	(37,000)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	15,000	28,000	8,300	-	-	-	-	-
NET CHANGE IN FUND BALANCES	25	(42,953)	(117,911)	7,434	-	21,084	93,018	(509)
Fund Balance - Beginning of Year	50,219	473,316	320,287	83,255	-	176,223	7,554	(5,398)
FUND BALANCE - END OF YEAR	\$ 50,244	\$ 430,363	\$ 202,376	\$ 90,689	\$ -	\$ 197,307	\$ 100,572	\$ (5,907)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2019

Other Governmental Funds (continued)

	TIF District 8 Arbor Glenn 2	TIF District 9 Grand Oaks Court	TIF District 10 Isle Drive	TIF District 11 Sprucewood Townhomes	TIF District 12 Isle/Falcon Drive	TIF District 13 Avantech	TIF District 14 Excelsior/ Edgewood
REVENUES							
Lodging Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Increments	60,742	17,451	235,491	28,478	39,151	63,504	55,389
Franchise Fees	-	-	-	-	-	-	-
Licenses, Permits, and Fees	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-
Gifts and Contributions	-	-	-	-	-	-	-
Investment Earnings	1,833	159	1,833	292	210	1,643	54
Net Increase (Decrease) in Fair Value of Investments	492	33	856	65	121	625	31
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	63,067	17,643	238,180	28,835	39,482	65,772	55,474
EXPENDITURES							
CURRENT							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
Economic and Community Development	36,642	17,024	13,007	27,142	8,455	3,063	11,007
CAPITAL OUTLAY							
General Government	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
DEBT SERVICE							
Interest and Fiscal Charges	-	-	35	-	22	-	-
Total Expenditures	36,642	17,024	13,042	27,142	8,477	3,063	11,007
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	26,425	619	225,138	1,693	31,005	62,709	44,467
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	(220,700)	-	(36,363)	-	(31,176)
Total Other Financing Sources (Uses)	-	-	(220,700)	-	(36,363)	-	(31,176)
NET CHANGE IN FUND BALANCES	26,425	619	4,438	1,693	(5,358)	62,709	13,291
Fund Balance - Beginning of Year	42,621	2,972	(99,048)	6,178	(163,875)	9,456	(255,239)
FUND BALANCE - END OF YEAR	\$ 69,046	\$ 3,591	\$ (94,610)	\$ 7,871	\$ (169,233)	\$ 72,165	\$ (241,948)

Other Governmental Funds (continued)

	Alcohol Seizure	Drug Seizure	Recycling	Combined Totals
REVENUES				
Lodging Tax	\$ -	\$ -	\$ -	\$ 397,118
Tax Increments	-	-	-	668,465
Franchise Fees				
Licenses, Permits, and Fees	-	-	-	314,185
Intergovernmental	-	-	27,880	208,668
Charges for Services	-	4,704	290	149,987
Fines and Forfeits	10,268	8,714	-	19,481
Gifts and Contributions	-	8,669	-	8,669
Investment Earnings	914	1,148	998	42,412
Net Increase (Decrease) in Fair Value of Investments	239	323	219	11,133
Miscellaneous	-	-	-	80,421
Total Revenues	11,421	23,558	29,387	1,900,539
EXPENDITURES				
CURRENT				
General Government	-	-	-	15,386
Public Safety	3,151	13,181	-	233,785
Sanitation	-	-	32,983	32,983
Culture and Recreation	-	-	-	11,544
Economic and Community Development	-	-	-	1,088,245
CAPITAL OUTLAY				
General Government	-	-	-	9,601
Culture and Recreation	-	-	-	192,943
DEBT SERVICE				
Interest and Fiscal Charges	-	-	-	57
Total Expenditures	3,151	13,181	32,983	1,584,544
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,270	10,377	(3,596)	315,995
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	3,900	92,200
Transfers Out	-	-	-	(325,239)
Total Other Financing Sources (Uses)	-	-	3,900	(233,039)
NET CHANGE IN FUND BALANCES	8,270	10,377	304	82,956
Fund Balance - Beginning of Year	33,169	23,710	924	706,324
FUND BALANCE - END OF YEAR	\$ 41,439	\$ 34,087	\$ 1,228	\$ 789,280

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2019

Budget and Actual – Cemetery Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Investment Earnings	\$ 600	\$ 600	\$ 1,304	\$ 704
Net Increase (Decrease) in Fair Value of Investments	-	-	308	308
Miscellaneous				
Other Miscellaneous Revenues	5,400	5,400	8,400	3,000
Total Revenues	6,000	6,000	10,012	4,012
EXPENDITURES				
CURRENT				
General Government				
Cemetery	18,300	18,300	15,386	(2,914)
CAPITAL OUTLAY				
General Government	8,500	8,500	9,601	1,101
Total Expenditures	26,800	26,800	24,987	(1,813)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(20,800)	(20,800)	(14,975)	5,825
OTHER FINANCING SOURCES				
Transfers In	15,000	15,000	15,000	-
NET CHANGE IN FUND BALANCE	<u>\$ (5,800)</u>	<u>\$ (5,800)</u>	25	<u>\$ 5,825</u>
Fund Balance - Beginning of Year			50,219	
FUND BALANCE - END OF YEAR			<u>\$ 50,244</u>	

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2019

Budget and Actual – Community Development Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Licenses, Permits, and Fees	\$ 226,100	\$ 226,100	\$ 314,185	\$ 88,085
Intergovernmental				
State and Local	-	-	493	493
Charges for Services	115,900	115,900	144,993	29,093
Fines and Forfeits	-	-	499	499
Investment Earnings	7,000	7,000	13,898	6,898
Net Increase (Decrease) in Fair Value of Investments	-	-	3,462	3,462
Miscellaneous				
Other Miscellaneous Revenues	-	-	21	21
Total Revenues	349,000	349,000	477,551	128,551
EXPENDITURES				
CURRENT				
Public Safety				
Building Inspection	224,900	199,900	217,453	17,553
Economic and Community Development				
Planning	313,400	313,400	331,051	17,651
Total Expenditures	538,300	513,300	548,504	35,204
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(189,300)	(164,300)	(70,953)	93,347
OTHER FINANCING SOURCES (USES)				
Transfers In	65,000	65,000	65,000	-
Transfers Out	(12,000)	(37,000)	(37,000)	-
Total Other Financing Sources (Uses)	53,000	28,000	28,000	-
NET CHANGE IN FUND BALANCE	\$ (136,300)	\$ (136,300)	(42,953)	\$ 93,347
Fund Balance - Beginning of Year			473,316	
FUND BALANCE - END OF YEAR			\$ 430,363	

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2019

Budget and Actual – Capital Park Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Investment Earnings	\$ 3,100	\$ 3,100	\$ 5,147	\$ 2,047
Net Increase (Decrease) in Fair Value of Investments	-	-	1,129	1,129
Miscellaneous Park Dedication	-	-	72,000	72,000
Total Revenues	3,100	3,100	78,276	75,176
EXPENDITURES				
CURRENT				
Culture and Recreation Capital Park	37,100	37,100	11,544	(25,556)
CAPITAL OUTLAY				
Culture and Recreation	30,000	189,300	192,943	3,643
Total Expenditures	67,100	226,400	204,487	(21,913)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(64,000)	(223,300)	(126,211)	97,089
OTHER FINANCING SOURCES				
Transfers In	9,000	9,000	8,300	(700)
NET CHANGE IN FUND BALANCE	\$ (55,000)	\$ (214,300)	(117,911)	\$ 96,389
Fund Balance - Beginning of Year			320,287	
FUND BALANCE - END OF YEAR			\$ 202,376	

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2019

Budget and Actual – Lodging Tax Administration Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Lodging Tax	\$ 402,800	\$ 402,800	\$ 397,118	\$ (5,682)
Investment Earnings	-	-	247	247
Total Revenues	402,800	402,800	397,365	(5,435)
EXPENDITURES				
CURRENT				
Economic and Community Development	402,800	402,800	397,365	(5,435)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
FUND BALANCE - END OF YEAR			\$ -	

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2019

Budget and Actual – Recycling Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental				
State and Local	\$ 28,600	\$ 28,600	\$ 27,880	\$ (720)
Charges for Services	300	300	290	(10)
Investment Earnings	500	500	998	498
Net Increase (Decrease) in Fair Value of Investments	-	-	219	219
Total Revenues	29,400	29,400	29,387	(13)
EXPENDITURES				
CURRENT				
Sanitation	34,200	34,200	32,983	(1,217)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,800)	(4,800)	(3,596)	1,204
OTHER FINANCING SOURCES				
Transfers In	4,800	4,800	3,900	(900)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	304	\$ 304
Fund Balance - Beginning of Year			924	
FUND BALANCE - END OF YEAR			\$ 1,228	

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Tax Increments	\$ 650,000	\$ 650,000	\$ 668,465	\$ 18,465
Investment Earnings	5,100	5,100	11,641	6,541
Net Increase (Decrease) in Fair Value of Investments	-	-	3,806	3,806
Total Revenues	655,100	655,100	683,912	28,812
EXPENDITURES				
CURRENT				
Economic and Community Development	251,800	251,800	178,206	(73,594)
DEBT SERVICE				
Interest and Fiscal Charges	200	200	57	(143)
Total Expenditures	252,000	252,000	178,263	(73,737)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	403,100	403,100	505,649	102,549
OTHER FINANCING SOURCES (USES)				
Transfers Out	(257,100)	(257,100)	(288,239)	(31,139)
Total Other Financing Sources (Uses)	(257,100)	(257,100)	(288,239)	(31,139)
NET CHANGE IN FUND BALANCE				
	\$ 146,000	\$ 146,000	217,410	\$ 71,410
Fund Balance - Beginning of Year			(278,556)	
FUND BALANCE - END OF YEAR				
			\$ (61,146)	

City of Baxter, Minnesota
 Combining Balance Sheet
 Debt Service Fund – by Bond Issue

Comprehensive Annual Financial Report
 December 31, 2019

	2009B G.O. Sales Tax Wastewater Note	2013A G.O. Refunding Bonds '06A & '06B	2014 G.O. Improvement Bonds	2015 G.O. Improvement Bonds	2016 G.O. Improvement Bonds	2018 G.O. Improvement & TIF Bonds	2019 G.O. Improvement Bonds	Combined Totals
ASSETS								
Cash and Pooled Investments	\$ -	\$ 1,378,696	\$ 841,630	\$ 1,821,021	\$ 647,631	\$ 1,040,277	\$ 19,824	\$ 5,749,079
Due From Other Governments	-	2,159	1,207	27,384	7,347	4,690	-	42,787
Delinquent Taxes Receivable	-	7,671	7,939	6,610	4,302	2,198	-	28,720
Special Assessments Receivable	-	534,770	1,779,345	2,435,224	1,168,128	2,908,091	1,652,072	10,477,630
Total Assets	\$ -	\$ 1,923,296	\$ 2,630,121	\$ 4,290,239	\$ 1,827,408	\$ 3,955,256	\$ 1,671,896	\$ 16,298,216
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ -	\$ -	\$ 500	\$ 393	\$ 450	\$ -	\$ -	\$ 1,343
Due to Other Governments	-	4,706	3,878	-	-	-	-	8,584
Total Liabilities	-	4,706	4,378	393	450	-	-	9,927
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue								
Taxes	-	7,671	7,939	6,610	4,302	2,198	-	28,720
Special Assessments	-	534,770	1,779,345	2,435,224	1,168,128	2,908,091	1,652,072	10,477,630
Total Deferred Inflows of Resources	-	542,441	1,787,284	2,441,834	1,172,430	2,910,289	1,652,072	10,506,350
FUND BALANCES								
Restricted	-	1,376,149	838,459	1,848,012	654,528	1,044,967	19,824	5,781,939
Total Fund Balances	-	1,376,149	838,459	1,848,012	654,528	1,044,967	19,824	5,781,939
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 1,923,296	\$ 2,630,121	\$ 4,290,239	\$ 1,827,408	\$ 3,955,256	\$ 1,671,896	\$ 16,298,216

Debt Service Fund – by Bond Issue

	2009B G.O. Sales Tax Wastewater Note	2013A G.O. Refunding Bonds '06A & '06B	2014 G.O. Improvement Bonds	2015 G.O. Improvement Bonds	2016 G.O. Improvement Bonds	2018 G.O. Improvement & TIF Bonds	2019 G.O. Improvement Bonds	Combined Totals
REVENUES								
Taxes	\$ -	\$ 315,971	\$ 33,507	\$ 240,555	\$ 304,610	\$ 186,068	\$ -	\$ 1,080,711
Special Assessments	-	1,323	253,686	406,775	196,690	559,095	15,511	1,433,080
Intergovernmental	55,433	-	-	-	-	-	-	55,433
Investment Earnings	-	28,940	17,471	36,241	9,487	15,235	52	107,426
Net Increase (Decrease) in Fair Value of Investments	-	7,601	4,665	9,712	2,824	4,572	30	29,404
Total Revenues	55,433	353,835	309,329	693,283	513,611	764,970	15,593	2,706,054
EXPENDITURES								
DEBT SERVICE								
Principal	450,667	495,000	245,000	730,000	565,000	-	-	2,485,667
Interest and Fiscal Charges	168,848	44,229	26,574	130,518	37,200	168,350	-	575,719
Total Expenditures	619,515	539,229	271,574	860,518	602,200	168,350	-	3,061,386
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(564,082)	(185,394)	37,755	(167,235)	(88,589)	596,620	15,593	(355,332)
OTHER FINANCING SOURCES (USES)								
Issuance of GO Bonds	-	-	-	-	-	-	4,231	4,231
Transfers In	564,082	122,519	-	257,063	-	31,176	-	974,840
Total Other Financing Sources (Uses)	564,082	122,519	-	257,063	-	31,176	4,231	979,071
NET CHANGE IN FUND BALANCES	-	(62,875)	37,755	89,828	(88,589)	627,796	19,824	623,739
Fund Balance - Beginning of Year	-	1,439,024	800,704	1,758,184	743,117	417,171	-	5,158,200
FUND BALANCE - END OF YEAR	\$ -	\$ 1,376,149	\$ 838,459	\$ 1,848,012	\$ 654,528	\$ 1,044,967	\$ 19,824	\$ 5,781,939

City of Baxter, Minnesota
 Combining Balance Sheet
 Capital Project Fund – by Project

Comprehensive Annual Financial Report
 December 31, 2019

	Collector Street	Street Replacement	Capital Equipment	Trails Construction	City Center Building	Cypress Drive	Cypress Town Center	Eagle Drive
ASSETS								
Cash and Pooled Investments	\$ 3,095,159	\$ 1,400,197	\$ 1,297,689	\$ 360,929	\$ 454,796	\$ 458,769	\$ 50,649	\$ -
Accounts Receivable	-	53,761	-	-	-	66	-	-
Due From Other Governments	-	-	-	-	-	267,373	-	-
Special Assessments Receivable	313,548	6,291	-	44,528	-	-	-	-
Total Assets	\$ 3,408,707	\$ 1,460,249	\$ 1,297,689	\$ 405,457	\$ 454,796	\$ 726,208	\$ 50,649	\$ -
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ -	\$ 367	\$ 23,358	\$ -	\$ -	\$ 656,615	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-	8,023
Contracts Payable	-	1,012	8,042	-	-	-	-	-
Escrow Deposits	-	-	-	-	-	-	-	-
Total Liabilities	-	1,379	31,400	-	-	656,615	-	8,023
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue								
Special Assessments	313,548	6,291	-	44,528	-	-	-	-
Other	321,055	-	-	-	-	267,373	-	-
Total Deferred Inflows of Resources	634,603	6,291	-	44,528	-	267,373	-	-
FUND BALANCES								
Assigned	2,774,104	1,452,579	1,266,289	360,929	454,796	-	50,649	-
Unassigned	-	-	-	-	-	(197,780)	-	(8,023)
Total Fund Balances	2,774,104	1,452,579	1,266,289	360,929	454,796	(197,780)	50,649	(8,023)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,408,707	\$ 1,460,249	\$ 1,297,689	\$ 405,457	\$ 454,796	\$ 726,208	\$ 50,649	\$ -

Capital Project Fund – by Project (continued)

	Cypress Dr - Hinckley to 48	Fairview Extension 371 NW	Inglewood/ Fairview/ Foley	Cypress Phase 1 RR to 210	South Sewer Interceptor	North Perch Lake Utilities	Inglewood - 77 Utilities
ASSETS							
Cash and Pooled Investments	\$ -	\$ -	\$ 78,409	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	-	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-	-
Total Assets	\$ -	\$ -	\$ 78,409	\$ -	\$ -	\$ -	\$ -
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 74,467	\$ -	\$ -
Due to Other Funds	56,425	335,350	-	-	393,011	137	11,591
Contracts Payable	-	-	-	-	-	-	-
Escrow Deposits	-	-	-	-	-	-	-
Total Liabilities	56,425	335,350	-	-	467,478	137	11,591
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue							
Special Assessments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
FUND BALANCES							
Assigned	-	-	78,409	-	-	-	-
Unassigned	(56,425)	(335,350)	-	-	(467,478)	(137)	(11,591)
Total Fund Balances	(56,425)	(335,350)	78,409	-	(467,478)	(137)	(11,591)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ -	\$ 78,409	\$ -	\$ -	\$ -	\$ -

Capital Project Fund – by Project (continued)

	Inglewood Railroad Crossing	Alano Utilities	Arbor Glen Trail	2020 Fairview Road & Trail	Memorywood Drive	Cypress- Woida
ASSETS						
Cash and Pooled Investments	\$ -	\$ -	\$ -	\$ -	\$ 91,764	\$ -
Accounts Receivable	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-
Total Assets	\$ -	\$ -	\$ -	\$ -	\$ 91,764	\$ -
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ -	\$ 10,708	\$ 10,058	\$ -
Due to Other Funds	21,068	-	2,254	181,368	-	15,723
Contracts Payable	-	-	-	-	77,730	-
Escrow Deposits	-	-	-	-	-	-
Total Liabilities	21,068	-	2,254	192,076	87,788	15,723
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue						
Special Assessments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
FUND BALANCES						
Assigned	-	-	-	-	3,976	-
Unassigned	(21,068)	-	(2,254)	(192,076)	-	(15,723)
Total Fund Balances	(21,068)	-	(2,254)	(192,076)	3,976	(15,723)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ 91,764	\$ -

Capital Project Fund – by Project (continued)

	Jasperwood Area	Mapleton Realign	TH 210 Lighting	2018 Mill & Overlay	2019 Mill & Overlay	Internal Eliminations	Combined Totals
ASSETS							
Cash and Pooled Investments	\$ 594,838	\$ -	\$ -	\$ -	\$ 1,055,529	\$ -	\$ 8,938,728
Accounts Receivable	-	-	-	-	-	-	53,827
Due From Other Governments	-	-	-	-	-	-	267,373
Special Assessments Receivable	-	-	-	-	-	-	364,367
Total Assets	\$ 594,838	\$ -	\$ -	\$ -	\$ 1,055,529	\$ -	\$ 9,624,295
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 42,809	\$ -	\$ 3,295	\$ -	\$ 40,742	\$ -	\$ 862,419
Due to Other Funds	-	3,374	1,113	-	-	-	1,029,437
Contracts Payable	171,740	-	-	-	28,308	-	286,832
Escrow Deposits	250,000	-	-	-	-	-	250,000
Total Liabilities	464,549	3,374	4,408	-	69,050	-	2,428,688
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue							
Special Assessments	-	-	-	-	-	-	364,367
Other	-	-	-	-	-	-	588,428
Total Deferred Inflows of Resources	-	-	-	-	-	-	952,795
FUND BALANCES							
Assigned	130,289	-	-	-	986,479	-	7,558,499
Unassigned	-	(3,374)	(4,408)	-	-	-	(1,315,687)
Total Fund Balances	130,289	(3,374)	(4,408)	-	986,479	-	6,242,812
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 594,838	\$ -	\$ -	\$ -	\$ 1,055,529	\$ -	\$ 9,624,295

Capital Project Fund – by Project

	Collector Street	Street Replacement	Capital Equipment	Trails Construction	City Center Building	Cypress Drive	Cypress Town Center	Eagle Drive
REVENUES								
Franchise Fees	\$ -	\$ 325,209	\$ -	\$ 32,000	\$ -	\$ -	\$ -	\$ -
Intergovernmental	479,237	159,746	-	-	-	3,894,915	-	-
Charges for Services	-	-	-	-	-	-	-	-
Investment Earnings	97,632	30,736	29,558	8,228	10,805	5,376	1,204	-
Net Increase (Decrease) in Fair Value of Investments	21,081	8,338	7,732	2,024	2,724	1,913	303	(48)
Miscellaneous	-	-	52,064	-	-	-	-	-
Total Revenues	597,950	524,029	89,354	42,252	13,529	3,902,204	1,507	(48)
EXPENDITURES								
CURRENT								
General Government	-	-	807	-	-	-	-	-
Public Works	18,395	28,965	-	-	-	3,046,915	-	354
Culture and Recreation	-	-	-	38,663	-	-	-	-
CAPITAL OUTLAY								
General Government	-	-	12,312	-	-	-	-	-
Public Safety	-	-	100,625	-	-	-	-	-
Public Works	-	-	54,471	-	-	3,440,945	-	-
Culture and Recreation	-	-	53,044	-	-	-	-	-
DEBT SERVICE								
Bond Issue Costs	-	-	-	-	-	-	-	-
Total Expenditures	18,395	28,965	221,259	38,663	-	6,487,860	-	354
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	579,555	495,064	(131,905)	3,589	13,529	(2,585,656)	1,507	(402)
OTHER FINANCING SOURCES (USES)								
Sale of Capital Assets	-	-	5,650	-	-	-	-	-
Issuance of GO Bonds	-	-	-	-	-	-	-	-
Issuance of GO Bonds - Premium	-	-	-	-	-	-	-	-
Transfers In	387,000	-	307,500	-	-	2,818,251	-	-
Transfers Out	(2,187,372)	-	-	-	-	(5,352)	-	-
Total Other Financing Sources (Uses)	(1,800,372)	-	313,150	-	-	2,812,899	-	-
NET CHANGE IN FUND BALANCES	(1,220,817)	495,064	181,245	3,589	13,529	227,243	1,507	(402)
Fund Balance - Beginning of Year	3,994,921	957,515	1,085,044	357,340	441,267	(425,023)	49,142	(7,621)
FUND BALANCE - END OF YEAR	\$ 2,774,104	\$ 1,452,579	\$ 1,266,289	\$ 360,929	\$ 454,796	\$ (197,780)	\$ 50,649	\$ (8,023)

Capital Project Fund – by Project (continued)

	Cypress Dr - Hastings to 48	Fairview Extension 371 NW	Inglewood/ Fairview/ Foley	Cypress Phase 1 RR to 210	South Sewer Interceptor	North Perch Lake Utilities	Inglewood - 77 Utilities
REVENUES							
Franchise Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-
Investment Earnings	-	-	1,863	-	-	-	-
Net Increase (Decrease) in Fair Value of Investments	(338)	(2,008)	470	-	(2,226)	(1)	(69)
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	(338)	(2,008)	2,333	-	(2,226)	(1)	(69)
EXPENDITURES							
CURRENT							
General Government	-	-	-	-	-	-	-
Public Works	(8,017)	(191,353)	-	(85,308)	(114,814)	3	276
Culture and Recreation	-	-	-	-	-	-	-
CAPITAL OUTLAY							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	23,795	208,471	-	85,308	438,355	-	-
Culture and Recreation	-	-	-	-	-	-	-
DEBT SERVICE							
Bond Issue Costs	-	-	-	-	-	-	-
Total Expenditures	15,778	17,118	-	-	323,541	3	276
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(16,116)	(19,126)	2,333	-	(325,767)	(4)	(345)
OTHER FINANCING SOURCES (USES)							
Sale of Capital Assets	-	-	-	-	-	-	-
Issuance of GO Bonds	-	-	-	-	-	-	-
Issuance of GO Bonds - Premium	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	(80,879)	-	-	-
Total Other Financing Sources (Uses)	-	-	-	(80,879)	-	-	-
NET CHANGE IN FUND BALANCES	(16,116)	(19,126)	2,333	(80,879)	(325,767)	(4)	(345)
Fund Balance - Beginning of Year	(40,309)	(316,224)	76,076	80,879	(141,711)	(133)	(11,246)
FUND BALANCE - END OF YEAR	\$ (56,425)	\$ (335,350)	\$ 78,409	\$ -	\$ (467,478)	\$ (137)	\$ (11,591)

Capital Project Fund – by Project (continued)

	Inglewood Railroad Crossing	Alano Utilities	Arbor Glen Trail	2020 Fairview Road & Trail	Memorywood Drive	Cypress- Wolda
REVENUES						
Franchise Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	-	-	264,290	-
Investment Earnings	-	-	-	-	-	-
Net Increase (Decrease) in Fair Value of Investments	(126)	-	(14)	(953)	(1,516)	(94)
Miscellaneous	-	-	-	-	-	-
Total Revenues	(126)	-	(14)	(953)	262,774	(94)
EXPENDITURES						
CURRENT						
General Government	-	-	-	-	-	-
Public Works	663	42	(326)	(29,230)	(13,475)	374
Culture and Recreation	-	-	-	-	-	-
CAPITAL OUTLAY						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	2,185	188,094	1,842,305	-
Culture and Recreation	-	-	-	-	-	-
DEBT SERVICE						
Bond Issue Costs	-	-	-	-	12,453	-
Total Expenditures	663	42	1,859	158,864	1,841,283	374
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(789)	(42)	(1,873)	(159,817)	(1,578,509)	(468)
OTHER FINANCING SOURCES (USES)						
Sale of Capital Assets	-	-	-	-	-	-
Issuance of GO Bonds	-	-	-	-	558,743	-
Issuance of GO Bonds - Premium	-	-	-	-	67,932	-
Transfers In	-	5,352	-	-	1,006,927	-
Transfers Out	-	-	-	-	(29,298)	-
Total Other Financing Sources (Uses)	-	5,352	-	-	1,604,304	-
NET CHANGE IN FUND BALANCES	(789)	5,310	(1,873)	(159,817)	25,795	(468)
Fund Balance - Beginning of Year	(20,279)	(5,310)	(381)	(32,259)	(21,819)	(15,255)
FUND BALANCE - END OF YEAR	\$ (21,068)	\$ -	\$ (2,254)	\$ (192,076)	\$ 3,976	\$ (15,723)

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances

December 31, 2019

Capital Project Fund – by Project (continued)

	Jasperwood Area	Mapleton Realign	TH 210 Lighting	2018 Mill & Overlay	2019 Mill & Overlay	Internal Eliminations	Combined Totals
REVENUES							
Franchise Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 357,209
Intergovernmental	-	-	-	-	-	-	4,533,898
Charges for Services	2,745,731	-	-	-	193,396	-	3,203,417
Investment Earnings	13,923	-	-	-	528	-	199,853
Net Increase (Decrease) in Fair Value of Investments	3,138	(20)	(7)	(945)	334	-	39,692
Miscellaneous	-	-	-	-	-	-	52,064
Total Revenues	2,762,792	(20)	(7)	(945)	194,258	-	8,386,133
EXPENDITURES							
CURRENT							
General Government	-	-	-	-	-	-	807
Public Works	-	76	4,401	8,449	-	-	2,666,390
Culture and Recreation	-	-	-	-	-	-	38,663
CAPITAL OUTLAY							
General Government	-	-	-	-	-	-	12,312
Public Safety	-	-	-	-	-	-	100,625
Public Works	3,899,936	-	-	83,541	693,480	-	10,960,886
Culture and Recreation	-	-	-	-	-	-	53,044
DEBT SERVICE							
Bond Issue Costs	13,951	-	-	-	28,546	-	54,950
Total Expenditures	3,913,887	76	4,401	91,990	722,026	-	13,887,677
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,151,095)	(96)	(4,408)	(92,935)	(527,768)	-	(5,501,544)
OTHER FINANCING SOURCES (USES)							
Sale of Capital Assets	-	-	-	-	-	-	5,650
Issuance of GO Bonds	626,059	-	-	-	1,280,967	-	2,465,769
Issuance of GO Bonds - Premium	76,116	-	-	-	155,740	-	299,788
Transfers In	663,881	-	-	158,090	139,593	(2,273,603)	3,212,991
Transfers Out	(84,672)	-	-	-	-	2,273,603	(113,970)
Total Other Financing Sources (Uses)	1,281,384	-	-	158,090	1,576,300	-	5,870,228
NET CHANGE IN FUND BALANCES	130,289	(96)	(4,408)	65,155	1,048,532	-	368,684
Fund Balance - Beginning of Year	-	(3,278)	-	(65,155)	(62,053)	-	5,874,128
FUND BALANCE - END OF YEAR	\$ 130,289	\$ (3,374)	\$ (4,408)	\$ -	\$ 986,479	\$ -	\$ 6,242,812

STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends Information – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity Information – These schedules contain trend information to help the reader understand the City's most significant local revenue source, property taxes.

Debt Capacity Information – 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 – 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 – 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.

Source: Unless otherwise noted, the information in these tables is derived from the annual financial report or comprehensive annual financial report for the relevant year.

City of Baxter, Minnesota
 Net Position by Component
 (Accrual Basis of Accounting)

Comprehensive Annual Financial Report
 Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$ 14,638,901	\$ 19,093,683	\$ 22,675,313	\$ 18,567,059	\$ 21,024,796	\$ 21,859,902	\$ 21,164,036	\$ 24,347,941	\$ 29,363,935	\$ 32,179,380
Restricted for:										
General Government	-	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	-	-
Debt Service	13,977,284	9,634,569	8,805,956	7,868,180	8,395,615	13,492,038	13,243,651	12,467,654	14,899,540	16,057,619
Economic Development	2,939,435	2,939,925	2,964,012	2,977,504	3,016,196	3,397,600	3,414,520	3,426,723	3,560,372	3,643,355
Sales Tax Funded Infrastructure	5,890,212	5,311,147	5,785,750	7,057,415	8,467,296	7,953,458	7,950,592	8,940,748	8,206,031	8,258,960
Revolving Loans	402,556	411,558	419,549	420,061	425,702	430,601	434,670	-	-	-
Tax Increment Financing	999,858	521,192	462,417	616,906	801,698	552,442	441,859	337,937	245,004	450,552
Police Activity	19,002	20,108	25,082	32,669	43,951	52,358	51,351	45,520	56,879	75,526
Unrestricted	6,610,863	147,101	(2,571,438)	3,152,221	2,980,658	2,967,478	2,434,740	1,715,905	2,162,306	3,238,172
Total Governmental Activities Net Position	45,478,111	38,079,283	38,566,641	40,692,015	40,692,015	45,155,912	49,135,419	51,282,428	58,494,067	63,903,564
Business-Type Activities										
Net Investment in Capital Assets	33,290,422	42,523,243	45,066,969	44,021,212	43,430,296	44,586,970	48,961,336	50,129,617	51,943,906	55,329,045
Unrestricted	8,523,113	8,457,050	9,739,329	10,979,563	11,646,054	11,257,688	12,635,303	13,505,620	12,651,041	13,328,942
Total Business-Type Activities Net Position	41,813,535	50,980,293	54,806,298	55,000,775	55,000,775	55,076,350	61,596,639	63,635,237	64,594,947	68,657,987
Primary Government										
Net Investment in Capital Assets	47,929,323	53,175,816	59,751,282	54,714,808	57,139,494	59,811,872	63,970,703	68,820,311	76,085,174	82,736,425
Restricted for:										
General Government	-	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	-	-
Debt Service	13,977,284	9,634,569	8,805,956	7,868,180	8,395,615	13,243,651	12,467,654	12,467,654	14,899,540	16,057,619
Economic Development	2,939,435	2,939,925	2,964,012	2,977,504	3,016,196	3,414,520	3,426,723	3,426,723	3,560,372	3,643,355
Sales Tax Funded Infrastructure	5,890,212	5,311,147	5,785,750	7,057,415	8,467,296	7,950,592	8,940,748	8,940,748	8,206,031	8,258,960
Revolving Loans	402,556	411,558	419,549	420,061	425,702	434,670	-	-	-	-
Tax Increment Financing	999,858	521,192	462,417	616,906	801,698	441,859	337,937	337,937	245,004	450,552
Police Activity	19,002	20,108	25,082	32,669	43,951	51,351	45,520	45,520	56,879	75,526
Unrestricted	15,133,976	17,045,261	15,158,891	22,005,247	21,942,310	20,860,166	21,224,712	20,878,772	20,036,014	21,339,114
Total Primary Government Net Position	\$ 87,291,646	\$ 89,059,576	\$ 93,372,939	\$ 95,692,790	\$ 95,692,790	\$ 100,232,262	\$ 110,413,997	\$ 114,917,665	\$ 123,089,014	\$ 132,561,551

City of Baxter, Minnesota
Change in Net Position
(Accrual Basis of Accounting)

Comprehensive Annual Financial Report
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
General Government	\$ 1,428,267	\$ 1,416,819	\$ 1,212,361	\$ 1,373,321	\$ 1,522,265	\$ 1,537,205	\$ 1,514,030	\$ 1,683,374	\$ 1,614,534	\$ 2,493,944
Public Safety	2,034,789	1,939,880	1,874,740	1,894,095	2,020,278	2,041,833	2,634,611	2,379,803	2,290,301	2,526,036
Public Works	2,111,757	2,380,427	2,267,214	2,352,349	2,518,595	3,389,767	2,853,200	2,272,892	4,342,420	5,684,908
Sanitation	34,669	38,338	35,476	34,944	37,970	35,114	31,520	32,105	31,174	32,983
Culture and Recreation	618,718	687,545	670,426	723,667	777,891	847,953	943,075	910,191	1,065,834	1,223,138
Economic and Community Development	779,170	1,115,103	818,460	827,988	781,557	1,376,093	1,468,261	1,857,100	1,647,234	1,624,825
Interest	1,079,936	940,392	822,443	879,723	696,429	505,783	530,054	460,144	498,992	641,116
Total Governmental Activities Expenses	8,087,306	8,518,504	7,701,120	8,086,087	8,354,985	9,733,748	9,974,751	9,595,609	11,490,489	14,226,950
Business-Type Activities										
Water	1,677,288	1,652,130	1,674,473	1,968,324	1,793,208	1,728,615	1,625,779	1,732,813	1,613,580	1,648,037
Sewer	1,332,248	1,451,130	1,623,673	1,731,740	1,739,067	1,705,465	1,788,560	1,954,233	1,982,874	2,016,775
Storm Water	248,377	259,517	282,810	322,326	302,180	302,516	394,181	455,475	421,596	548,619
Total Business-Type Activities Expenses	3,257,913	3,362,777	3,580,956	4,022,390	3,834,455	3,736,596	3,808,520	4,142,521	4,018,050	4,213,431
Total Primary Government Expenses	\$ 11,345,219	\$ 11,881,281	\$ 11,282,076	\$ 12,108,477	\$ 12,189,440	\$ 13,470,344	\$ 13,783,271	\$ 13,738,130	\$ 15,508,539	\$ 18,440,381
Program Revenues										
Governmental Activities										
Fees, Charges, Fines, and Other										
General Government	\$ 575,102	\$ 497,891	\$ 518,048	\$ 477,130	\$ 462,537	\$ 475,694	\$ 474,708	\$ 481,839	\$ 178,140	\$ 182,313
Public Safety	325,824	322,447	555,768	416,024	426,505	368,760	351,049	484,646	454,912	628,295
Public Works	1,221,493	-	23,434	7,875	525	600	153,974	399,278	429,435	419,156
Sanitation	405	379	391	244	162	276	242	365	283	290
Culture and Recreation	72,155	7,373	211,123	269,462	301,626	69,638	111,931	31,718	36,595	109,441
Economic and Community Development	120,536	35,397	43,782	33,005	26,717	400,285	31,801	42,686	169,676	22,391
Operating Grants and Contributions	279,697	360,152	276,068	235,669	231,786	289,696	260,933	266,915	259,945	279,642
Capital Grants and Contributions	921,662	687,075	956,669	509,946	2,367,570	7,515,674	3,237,197	2,041,706	7,864,471	10,266,199
Total Governmental Activities Program Revenues	3,516,874	1,910,714	2,585,283	1,949,355	3,817,428	9,120,623	4,621,835	3,749,153	9,393,457	11,907,727
Business-Type Activities										
Fees, Charges, Fines, and Other										
Water	1,458,913	1,406,582	1,785,969	1,861,747	1,721,660	1,723,923	1,752,604	1,809,862	1,535,851	1,551,310
Sewer	1,206,950	1,271,248	1,606,991	1,669,945	1,549,520	1,470,789	1,531,966	1,639,194	1,306,049	1,292,345
Storm Water	303,841	304,605	311,327	316,202	318,857	321,866	345,328	368,286	421,401	466,640
Operating Grants and Contributions	121,386	18,177	20,690	84,294	37,344	18,527	18,185	15,155	4,537	11,207
Capital Grants and Contributions	57,375	111,272	755,526	95,020	329,375	35,135	73,725	443,718	796,372	1,011,863
Total Business-Type Activities Program Revenues	3,148,465	3,111,884	4,480,503	4,027,208	3,956,756	3,570,240	3,721,808	4,276,215	4,064,210	4,333,365
Total Primary Government Program Revenues	\$ 6,665,339	\$ 5,022,598	\$ 7,065,786	\$ 5,976,563	\$ 7,774,184	\$ 12,690,863	\$ 8,343,643	\$ 8,025,368	\$ 13,457,667	\$ 16,241,092
Net (Expense)/Revenue										
Governmental Activities	\$ (4,570,432)	\$ (6,607,790)	\$ (5,115,837)	\$ (6,136,732)	\$ (4,537,557)	\$ (613,125)	\$ (5,352,916)	\$ (5,846,456)	\$ (2,097,032)	\$ (2,319,223)
Business-Type Activities	(109,448)	(250,893)	899,547	4,818	122,301	(166,356)	(86,712)	133,694	46,160	119,934
Total Primary Government Net (Expense)/Revenue	\$ (4,679,880)	\$ (6,858,683)	\$ (4,216,290)	\$ (6,131,914)	\$ (4,415,256)	\$ (779,481)	\$ (5,439,628)	\$ (5,712,762)	\$ (2,050,872)	\$ (2,199,289)

City of Baxter, Minnesota
 Change in Net Position (Continued)
 (Accrual Basis of Accounting)

Comprehensive Annual Financial Report
 Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes	\$ 5,312,680	\$ 5,667,151	\$ 5,405,829	\$ 5,479,108	\$ 5,355,718	\$ 5,584,724	\$ 5,766,291	\$ 5,827,483	\$ 6,029,889	\$ 6,404,178
Lodging Tax	265,889	287,419	297,361	291,331	321,994	362,561	378,336	399,024	401,802	397,118
Sales Tax	1,917,505	1,936,851	2,124,950	2,216,167	2,332,743	2,500,784	2,544,826	2,654,491	2,686,659	2,799,734
Tax Increments	392,575	333,922	228,037	354,610	358,473	395,884	487,459	496,504	542,661	668,465
Grants and Contributions not Restricted for a Particular Purpose	2,957	2,433	2,493	2,556	2,423	32,819	4,924	2,631	3,188	2,685
Investment Earnings	301,744	220,984	256,429	136,094	288,085	270,251	165,800	345,168	453,927	641,260
Net Increase (Decrease) in Fair Value of Investments	-	-	-	(153,737)	35,901	16,151	59,444	(87,504)	(59)	154,521
Miscellaneous	56,613	69,536	79,518	99,345	89,538	106,833	94,124	93,740	108,019	158,049
Gain on Sale of Capital Assets	17,351	1,400	18,202	27,663	8,529	3,300	7,066	36,070	11,683	-
Transfers	806,686	(9,310,734)	(2,809,624)	(191,031)	208,050	(997,865)	(5,725,812)	(1,774,142)	(690,893)	(3,544,390)
Total Governmental Activities	9,074,000	(791,038)	5,603,195	8,262,106	9,001,454	8,275,442	3,782,458	7,993,465	9,546,876	7,681,620
Business-Type Activities										
Investment Earnings	150,776	106,917	116,834	73,895	143,879	134,613	82,894	178,121	222,657	318,170
Net Increase (Decrease) in Fair Value of Investments	-	-	-	(75,267)	17,445	8,126	29,987	(47,359)	-	80,546
Transfers	(806,686)	9,310,734	2,809,624	191,031	(208,050)	997,865	5,725,812	1,774,142	690,893	3,544,390
Total Business-Type Activities Program Revenues	(655,910)	9,417,651	2,926,458	189,659	(46,726)	1,140,604	5,838,693	1,904,904	913,550	3,943,106
Total Primary Government Program Revenues	\$ 8,418,090	\$ 8,626,613	\$ 8,529,653	\$ 8,451,765	\$ 8,954,728	\$ 9,416,046	\$ 9,621,151	\$ 9,898,369	\$ 10,460,426	\$ 11,624,726
Change in Net Position										
Governmental Activities										
Change in Net Position	\$ 4,503,568	\$ (7,398,828)	\$ 487,358	\$ 2,125,374	\$ 4,463,897	\$ 7,662,317	\$ (1,570,458)	\$ 2,147,009	\$ 7,449,844	\$ 5,362,397
Net Position -- Beginning of Year, as Restated	40,974,543	45,478,111	38,079,283	38,566,641	40,692,015	43,043,560	50,705,877	49,135,419	51,044,223	58,541,167
Net Position -- End of Year	45,478,111	38,079,283	38,566,641	40,692,015	45,155,912	50,705,877	49,135,419	51,282,428	58,494,067	63,903,564
Business-Type Activities										
Change in Net Position	(765,358)	9,166,758	3,826,005	194,477	75,575	974,248	5,751,981	2,038,598	959,710	4,063,040
Net Position -- Beginning of Year, as Restated	42,578,893	41,813,535	50,980,293	54,806,298	55,000,775	54,870,410	55,844,658	61,596,639	63,635,237	64,594,947
Net Position -- End of Year	41,813,535	50,980,293	54,806,298	55,000,775	55,076,350	55,844,658	61,596,639	63,635,237	64,594,947	68,657,987
Total Primary Government										
Change in Net Position	3,738,210	1,767,930	4,313,363	2,319,851	4,539,472	8,636,565	4,181,523	4,185,607	8,409,554	9,425,437
Net Position -- Beginning of Year, as Restated	83,553,436	87,291,646	89,059,576	93,372,939	95,692,790	97,913,970	106,550,535	110,732,058	114,679,460	123,136,114
Net Position -- End of Year	\$ 87,291,646	\$ 89,059,576	\$ 93,372,939	\$ 95,692,790	\$ 100,232,262	\$ 106,550,535	\$ 110,732,058	\$ 114,917,665	\$ 123,089,014	\$ 132,561,551

Notes:
 The City began to separately present the Net Increase (Decrease) in Fair Value of Investments from Investment Earnings in 2013.

Fund Balances – Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	\$ 4,149	\$ 3,802	\$ 2,115	\$ 21,485	\$ 110,880	\$ 150,890	\$ 331,765	\$ 408,698	\$ 691,951	\$ 782,105
Assigned (Designated 2008-2009)	565,400	565,400	813,100	766,300	601,800	509,300	404,200	360,000	56,000	-
Unassigned (Unrestricted, Undesignated)	2,782,544	2,782,891	2,680,221	2,719,679	2,778,695	2,866,434	2,928,745	2,999,778	3,047,962	3,116,378
Total General Fund	\$ 3,352,093	\$ 3,352,093	\$ 3,495,436	\$ 3,507,464	\$ 3,491,375	\$ 3,526,624	\$ 3,664,710	\$ 3,768,476	\$ 3,795,913	\$ 3,898,483
All Other Governmental Funds										
Nonspendable										
Special Revenue Funds	\$ 942	\$ 165	\$ -	\$ 1,324	\$ 1,065	\$ 54,200	\$ 350	\$ 540	\$ -	\$ -
Restricted										
Special Revenue Funds	8,027,883	6,985,359	9,357,527	10,933,814	12,633,044	12,247,806	12,272,629	12,733,362	12,046,102	12,400,174
Debt Service Fund	11,433,456	8,576,137	4,523,512	8,474,339	8,401,330	4,693,449	4,471,319	5,319,327	5,158,200	5,781,939
Committed										
Special Revenue Funds	638,971	753,473	1,218,392	1,475,553	1,366,512	1,188,972	911,908	936,258	924,809	772,883
Assigned										
Special Revenue Funds	14,406	15,191	16,059	16,491	14,928	17,830	8,144	8,759	3,192	2,017
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Capital Project Fund	1,908,456	4,080,260	4,600,960	5,454,174	5,156,812	6,773,067	6,276,641	4,995,387	5,874,128	6,242,812
Unassigned (Unrestricted, Undesignated)										
Special Revenue Funds	(10,966)	(11,167)	(11,990)	(924)	(100,506)	(197,627)	(209,077)	(280,725)	(523,560)	(511,698)
Total All Other Governmental Funds	\$ 22,013,148	\$ 20,399,418	\$ 19,704,460	\$ 26,354,771	\$ 27,473,185	\$ 24,777,697	\$ 23,731,914	\$ 23,712,908	\$ 23,482,871	\$ 24,688,127

Changes in Fund Balances – Governmental Funds
(Modified Accrual Basis of Accounting)

Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 5,498,763	\$ 5,871,854	\$ 5,497,267	\$ 5,486,196	\$ 5,430,652	\$ 5,570,060	\$ 5,816,118	\$ 5,782,886	\$ 5,989,767	\$ 6,401,210
Lodging Tax	265,889	287,419	297,361	291,331	321,994	362,561	378,336	399,024	401,802	397,118
Sales Tax	1,938,915	1,951,316	2,127,170	2,214,519	2,330,735	2,488,992	2,553,030	2,656,049	2,682,041	2,793,699
Tax Increments	392,575	333,922	228,037	354,610	358,473	395,884	487,459	496,504	542,661	668,465
Franchise Fees**							253,065	487,723	557,163	555,107
Special Assessments	3,418,718	2,063,769	1,861,457	1,294,827	985,975	995,347	2,082,571	1,316,361	1,415,612	1,441,194
Licenses, Permits, and Fees	183,762	364,655	405,148	344,444	354,722	313,521	218,478	320,984	275,776	358,964
Intergovernmental	624,073	377,280	316,829	356,311	879,871	1,548,012	510,109	2,228,882	4,533,545	4,988,420
Charges for Services	1,730,146	607,773	660,110	563,774	661,019	809,615	1,066,261	877,973	449,018	3,550,772
Fines and Forfeits	125,579	87,850	108,610	78,299	86,308	88,196	79,602	80,800	84,277	84,170
Gifts and Contributions	3,100	3,960	1,910	2,792	9,352	7,500	3,800	5,350	5,345	14,492
Investment Earnings	301,739	220,989	256,421	136,102	288,085	275,415	177,926	361,593	475,474	674,391
Net Increase (Decrease) in Fair Value of Investments***	-	-	-	(153,737)	35,901	16,151	59,444	(87,504)	(59)	154,521
Miscellaneous	131,045	89,106	2,109,805	385,043	396,240	557,872	213,711	106,176	253,822	234,841
Revolving Loans	-	36,642	36,642	36,642	-	-	-	-	-	-
Total Revenues	14,614,304	12,296,535	13,906,767	11,391,153	12,139,327	13,429,126	13,899,910	15,032,801	17,666,244	22,317,364
Expenditures										
Current										
General Government	1,388,835	1,382,197	1,244,668	1,325,191	1,480,618	1,470,873	1,414,625	1,563,650	1,559,139	1,770,853
Public Safety	1,973,467	1,925,231	1,839,208	1,863,858	1,982,072	1,992,278	2,087,864	2,169,496	2,285,251	2,502,985
Public Works	604,009	667,421	520,445	655,100	935,517	1,811,667	1,293,372	332,524	2,337,013	3,486,320
Sanitation	34,669	38,338	35,476	34,944	37,970	35,114	31,520	32,105	31,173	32,983
Culture and Recreation	471,005	525,931	502,857	553,710	593,214	628,965	642,157	672,448	747,899	861,822
Economic and Community Development	790,883	1,132,979	839,686	853,244	807,155	1,400,119	1,281,831	1,920,127	1,681,437	1,678,861
Capital Outlay	5,886,965	2,416,666	1,771,214	196,280	4,398,208	11,787,845	4,760,852	4,594,330	12,560,561	11,343,849
Debt Service										
Principal	4,912,770	5,420,721	2,524,110	2,543,333	2,252,000	2,040,667	3,710,334	2,835,333	3,121,667	2,485,667
Interest and Fiscal Charges	1,026,125	987,564	795,870	673,454	660,081	540,235	504,059	516,785	467,727	575,776
Bond Issue Costs	35,925	-	-	46,965	47,734	85,850	44,382	-	84,414	54,950
Total Expenditures	17,124,653	14,497,048	10,073,534	8,746,079	13,194,569	21,793,613	15,770,996	14,636,798	24,876,281	24,794,066
Excess (Deficiency) of Revenues Over Expenditures	(2,510,349)	(2,200,513)	3,833,233	2,645,074	(1,055,242)	(8,364,487)	(1,871,086)	396,003	(7,210,037)	(2,476,702)
Other Financing Sources (Uses)										
Sale of Capital Assets	13,468	1,839	8,008	27,663	8,529	3,300	7,066	36,070	37,113	655,650
Issuance of Bonds	8,765,571	-	-	4,045,000	1,925,000	8,530,000	2,225,000	-	6,140,000	2,470,000
Issuance of Bonds/Notes - Premium	-	-	-	135,633	15,988	195,304	39,350	-	379,008	299,788
Issuance of Bonds/Notes - Discount	(22,325)	-	-	-	-	-	-	-	-	-
Principal Payment on Refunded Bonds	-	-	(4,340,000)	-	-	(3,975,000)	-	-	-	-
Transfers In	2,408,814	5,589,133	3,040,267	1,950,971	2,450,593	5,044,386	3,096,097	2,058,901	5,094,341	4,782,501
Transfers Out	(1,602,128)	(5,004,189)	(3,093,123)	(2,142,002)	(2,242,543)	(4,093,741)	(4,404,125)	(2,406,214)	(4,643,025)	(4,470,511)
Total Other Financing Sources (Uses)	9,563,400	586,783	(4,384,848)	4,017,265	2,157,567	5,704,249	963,388	(311,243)	7,007,437	3,737,428
Net Change in Fund Balances	\$ 7,053,051	\$ (1,613,730)	\$ (551,615)	\$ 6,662,339	\$ 1,102,325	\$ (2,660,238)	\$ (907,698)	\$ 84,760	\$ (202,600)	\$ 1,260,726
Debt Service as a Percentage of Noncapital Expenditures*	53.8%	53.0%	40.0%	37.6%	33.1%	25.8%	38.3%	33.4%	29.1%	22.7%

*Revised for fiscal years 2008-2010.

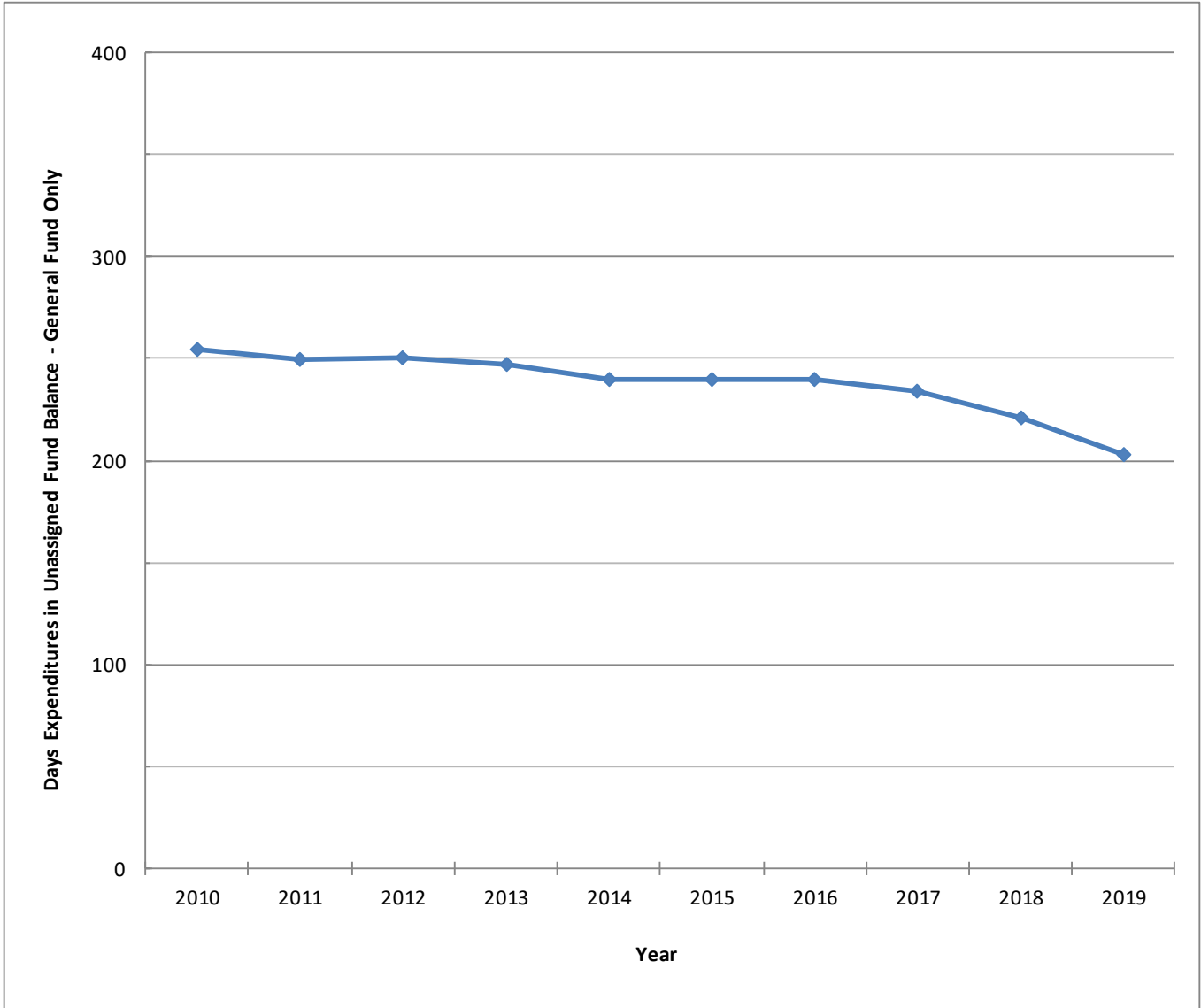
For all years, calculated as follows:

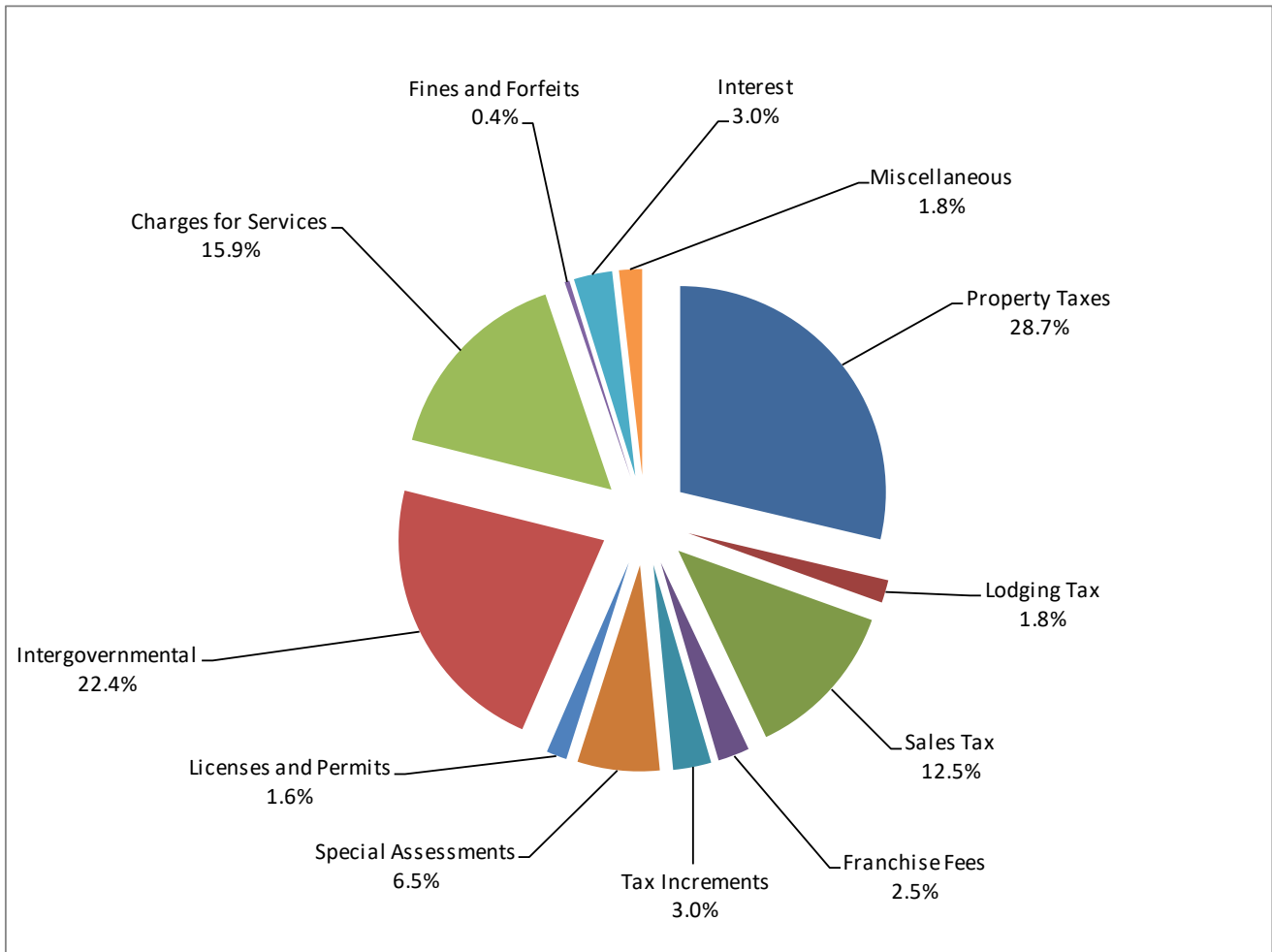
(Principal and Interest Debt Service Expenditures)

(Total Expenditures - Capitalized Expenditures)

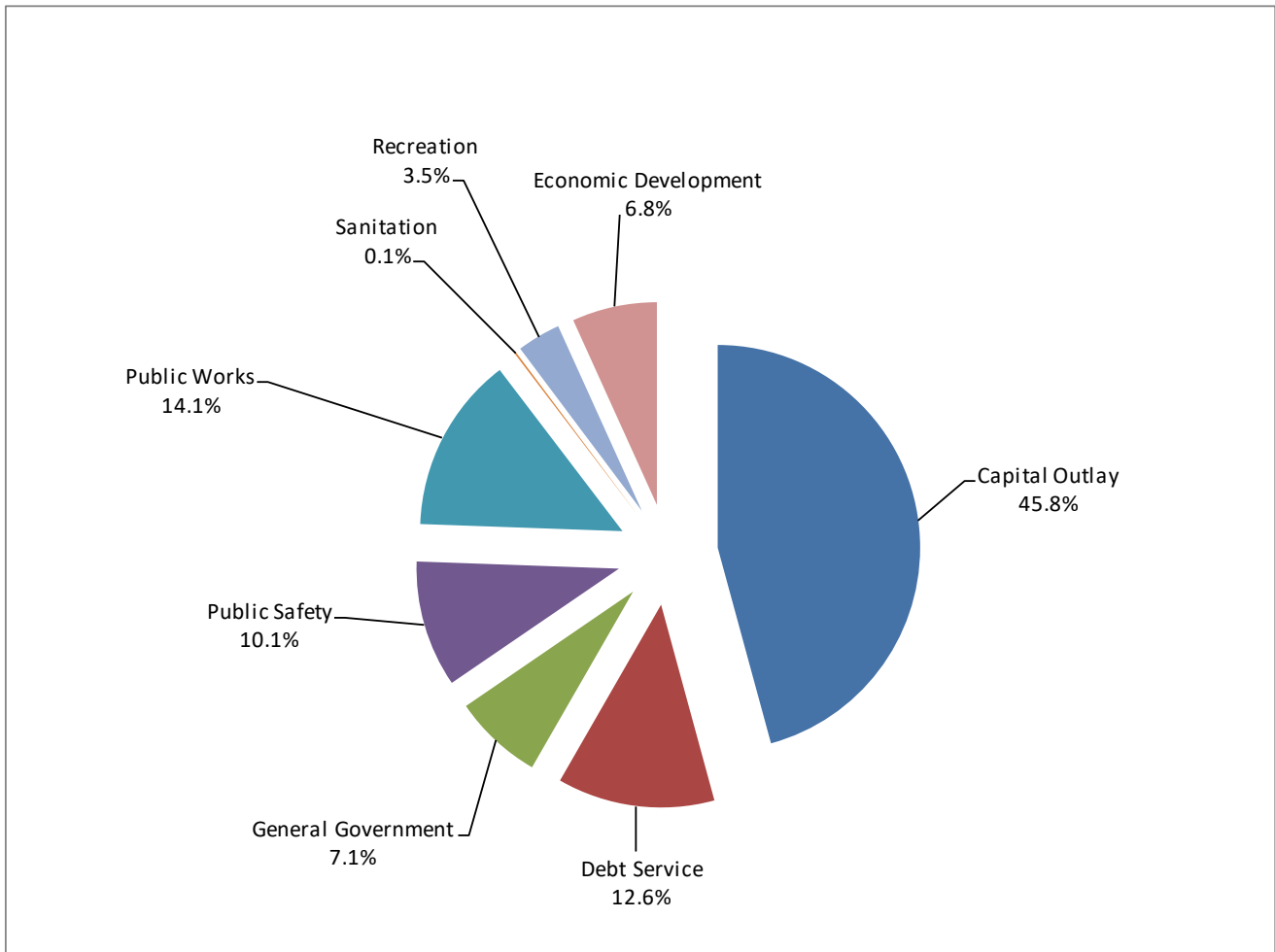
** Franchise fees separated from Licenses, Permits, and Fees in 2016 as the balance became significant; prior years are not restated.

*** Aggregated with Investment Earnings prior to 2013.

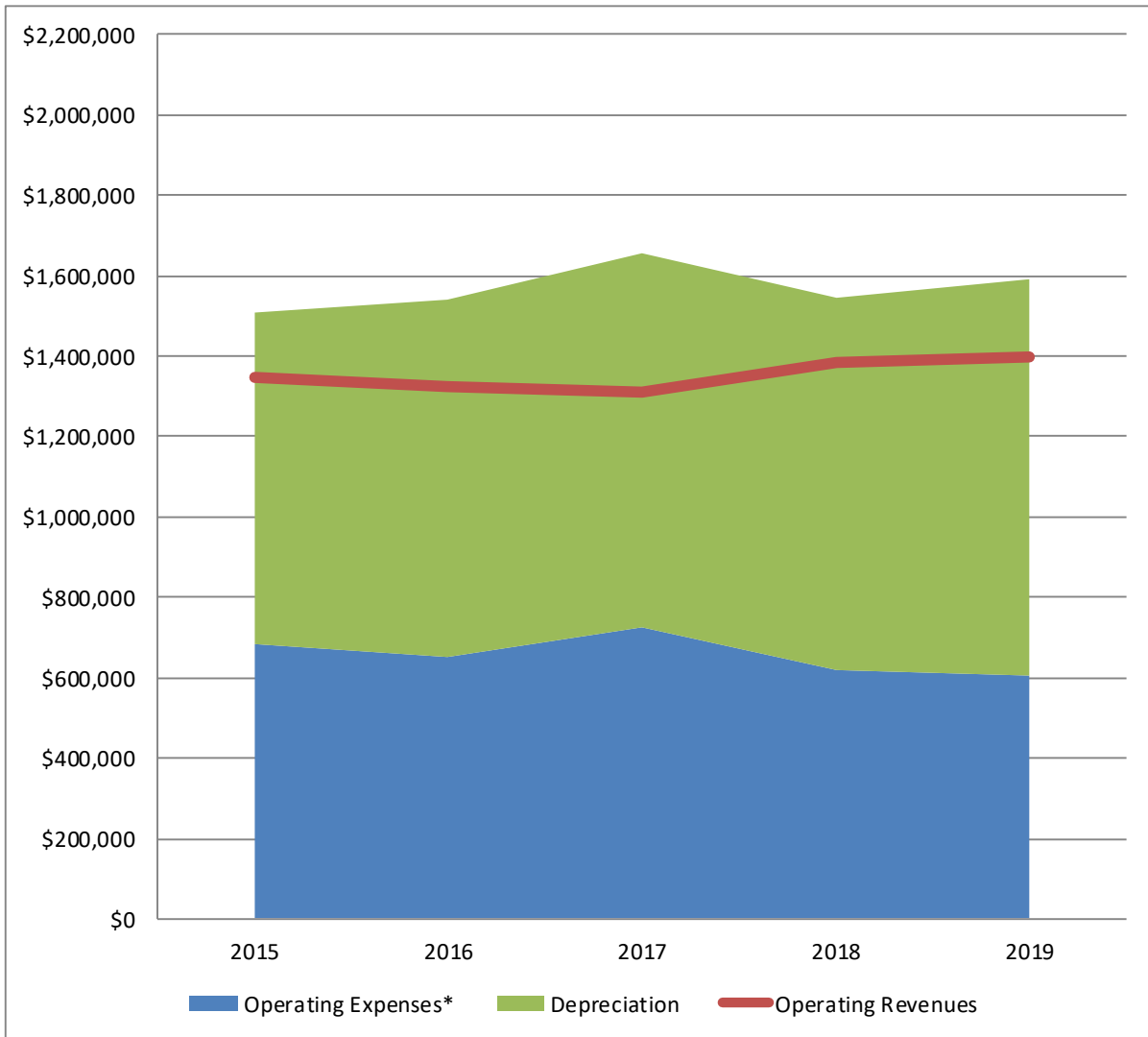




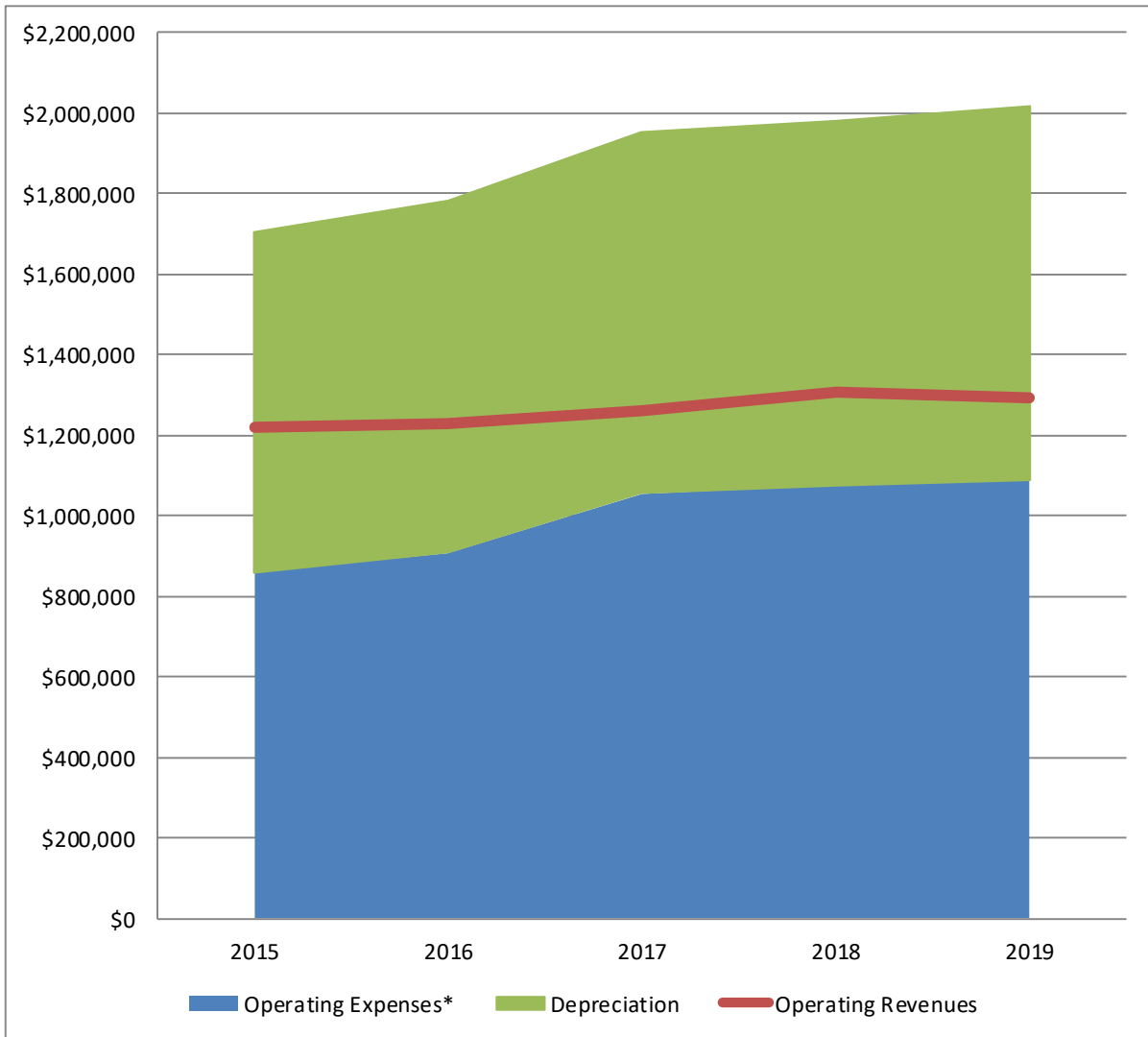
Percentages may not foot to 100% due to rounding.



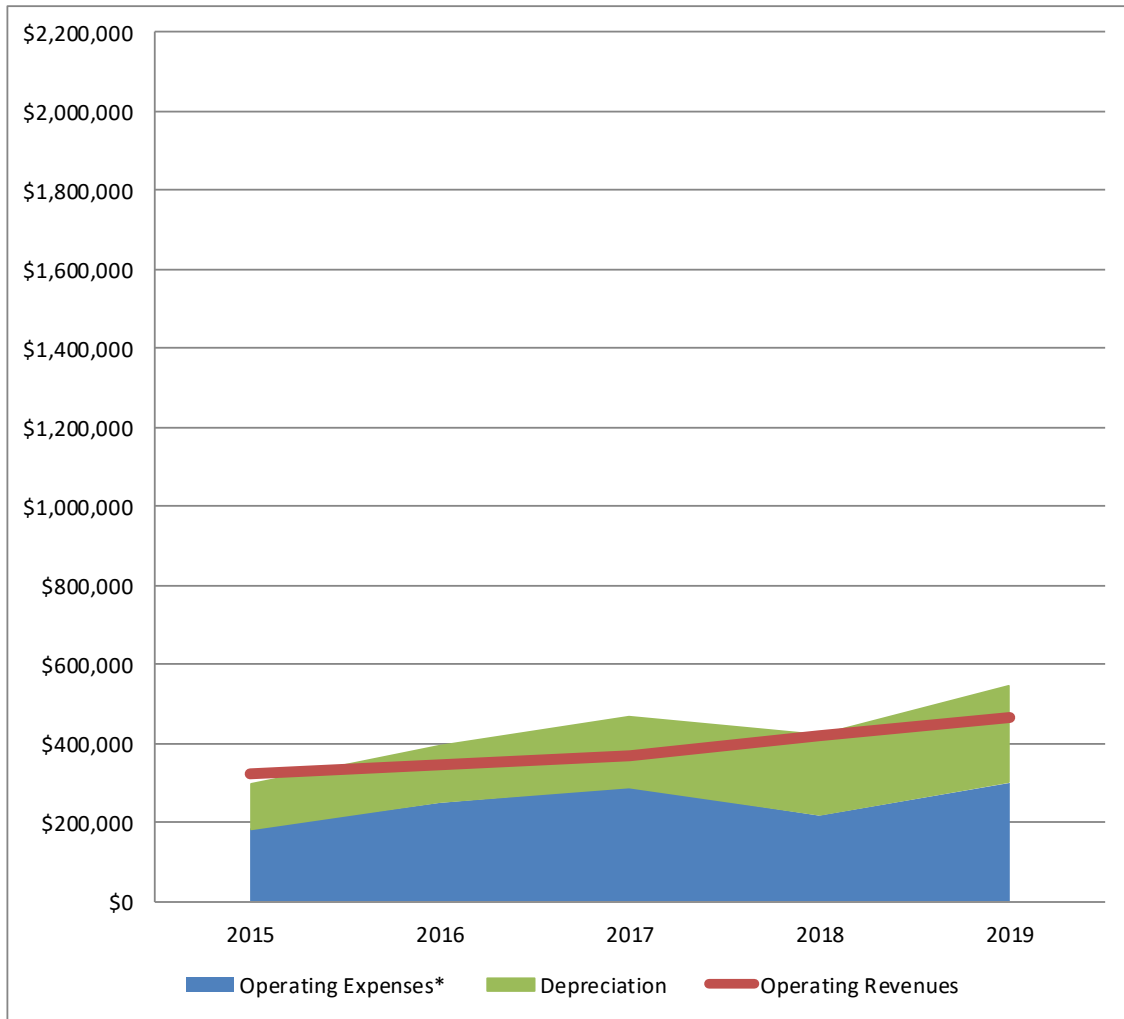
Percentages may not foot to 100% due to rounding.



* Operating expenses excluding depreciation.



* Operating expenses excluding depreciation.



* Operating expenses excluding depreciation.

Net Tax Capacity and Estimated Market Value of Property

Last Ten Fiscal Years

Payable Year	Residential Property	Commercial/Industrial Property	Other	Personal Property	Less: Captured Tax Increment	Net Tax Capacity	Total Direct Tax Rate	Assessor's Estimated Market Value	Assessed Value as a Percentage of Actual Value
2010	\$ 5,797,270	\$ 7,324,801	\$ 143,883	\$ 43,120	\$ 468,523	\$ 12,840,551	44.0 %	\$ 974,029,129	1.32 %
2011	5,257,783	6,549,615	130,801	62,348	336,978	11,663,569	48.4	871,405,300	1.34
2012	4,611,126	6,023,851	111,254	64,828	227,529	10,583,530	51.5	833,843,900	1.27
2013	4,312,599	6,042,856	87,196	63,365	344,987	10,161,029	53.6	804,972,400	1.26
2014	4,276,663	5,976,849	84,582	124,916	348,479	10,092,292	54.6	800,811,300	1.26
2015	4,763,932	5,949,030	80,553	120,718	385,003	10,510,274	53.3	843,685,200	1.25
2016	5,142,516	5,837,078	113,209	123,414	468,037	10,730,030	53.4	879,460,600	1.22
2017	5,557,682	6,245,114	95,511	122,691	479,225	11,541,773	50.3	879,460,600	1.31
2018	5,770,281	6,163,072	136,234	127,062	521,962	11,674,687	51.4	958,008,400	1.22
2019	6,049,678	6,424,104	120,742	122,125	632,770	12,083,879	52.9	994,559,300	1.21

Source:

Bond Issue Official Statements and Crow Wing County.

Fiscal Year	City Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	School District 181	Crow Wing County	Other	
2010	36.1 %	7.9 %	44.0 %	21.0 %	28.0 %	0.1 %	93.1 %
2011	40.4	8.0	48.4	21.8	29.8	0.2	100.3
2012	40.9	10.6	51.5	23.6	32.4	0.2	107.7
2013	42.6	11.0	53.6	24.4	34.3	0.2	112.5
2014	43.4	11.1	54.6	25.0	35.2	0.2	114.9
2015	42.6	10.7	53.3	25.5	34.6	0.2	113.6
2016	43.0	10.5	53.4	25.4	33.6	0.2	112.6
2017	41.0	9.3	50.3	24.7	32.3	0.2	107.6
2018	42.2	9.2	51.4	24.8	31.7	0.2	108.2
2019	44.1	8.9	52.9	30.0	32.7	0.2	115.9

Source:
 Crow Wing County.

Fiscal Year	Taxes Levied for the Fiscal Year				Collected within the Fiscal Year of the Levy			Total Collections to Date			Outstanding Delinquent Taxes	Percentage of Levy Outstanding
	Operating Tax Levy	Debt Tax Levy	Adjustments (1)	Total Tax Levy	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy			
2010	\$ 4,463,000	\$ 1,187,000	\$ (215,692)	\$ 5,434,308	\$ 5,150,513	94.8 %	\$ 226,100	\$ 5,376,612	98.9 %	\$ 57,695	1.1 %	
2011	4,463,000	1,187,000	(306,241)	5,343,759	5,315,869	99.5	13,278	5,329,147	99.7	14,612	0.3	
2012	4,324,200	1,126,000	(62,075)	5,388,125	5,324,313	97.9	50,823	5,375,135	97.9	12,990	1.0	
2013	4,324,200	1,126,000	(75,785)	5,374,415	5,328,249	99.1	28,502	5,356,751	99.7	17,664	0.3	
2014	4,382,200	1,126,000	(49,623)	5,458,577	5,413,480	99.2	40,413	5,453,893	99.9	4,684	0.1	
2015	4,475,900	1,126,000	(27,610)	5,574,290	5,517,329	99.0	27,620	5,544,949	99.5	29,341	0.5	
2016	4,608,600	1,126,000	(840)	5,733,760	5,632,638	98.2	20,531	5,653,169	98.6	80,591	1.4	
2017	4,731,000	1,076,000	(2,353)	5,804,647	5,689,042	98.0	26,988	5,716,030	98.5	88,617	1.5	
2018	4,927,400	1,076,000	(453)	6,002,947	5,941,086	99.0	38,539	5,979,625	99.6	23,322	0.4	
2019	5,326,800	1,076,000	-	6,402,800	6,301,337	98.4	-	6,301,337	98.4	101,463	1.6	

Source:
 Crow Wing County Auditor-Treasurer's Office

Note:
 (1) Figures are adjusted to reflect abatements, credits and aid from the State of Minnesota, and other minor adjustments made by Crow Wing County.

Taxpayer	2019			2010		
	Net Tax Capacity	Rank	Percentage of Total City Net Tax Capacity	Net Tax Capacity	Rank	Percentage of Total City Net Tax Capacity
Mills Property Investments	\$ 337,476	1	2.79 %			
MFF Mortgage Borrowers	224,092	2	1.85			
Brainerd Lakes Integrated Health	221,692	3	1.83			
Wal-Mart Stores, Inc.	170,946	4	1.41	\$ 258,077	2	2.00 %
T&E Properties LLC	154,022	5	1.27			
Baxter PS 2016 LLC	147,740	6	1.22			
TM Excelsior Inc	144,199	7	1.19			
Costco Wholesale Corp	139,384	8	1.15			
Menard, Inc.	125,162	9	1.04	203,108	3	1.58
Crosby Cardiovascular	106,178	10	0.88			
Mills Properties Inc.				833,946	1	6.48
Developers Diversified Realty				168,524	4	1.31
JC Penney Properties, Inc				164,114	5	1.27
Michael Holdings of Baxter LLC				132,210	6	1.03
Home Depot USA, Inc.				128,990	7	1.00
Dayton Hudson Corporation (Target)				126,016	8	0.98
Individual				116,976	9	0.91
Navillus Land, Co				110,659	10	0.86
Total	\$ 1,770,891		14.65 %	\$ 2,242,620		17.42 %

Source:
Crow Wing County.

Fiscal Year	Governmental Activities			Business-Type	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds	Capital Leases	General Obligation Bonds			
2010	\$ 24,504,820	\$ 8,829,263	\$ 125,000	\$ 8,212,938	\$ 41,672,021	17.0 %	\$ 5,476
2011	19,515,921	8,416,334	100,000	7,777,527	35,809,782	14.0	4,699
2012	13,097,587	7,991,000	75,000	7,322,117	28,405,704	11.1	3,708
2013	15,191,857	7,552,667	50,000	12,981,869	35,776,393	12.8	4,618
2014	15,336,355	7,100,667	25,000	9,946,754	32,408,776	10.4	4,165
2015	18,491,639	6,635,000	-	5,900,614	31,027,253	9.5	3,847
2016	17,496,004	6,154,667	-	5,305,839	28,956,510	8.3	3,481
2017	15,121,100	5,659,334	-	4,701,065	25,481,499	7.1	3,048
2018	18,917,015	5,222,667	-	4,086,290	28,225,972	7.4	3,376
2019	19,601,367	4,772,000	-	3,586,516	27,959,883	7.2 *	3,301

*Most recent available data

Ratio of Net General Obligation Bonded Debt to Assessed Value and
 Net General Obligation Debt per Capita

Last Ten Fiscal Years

Fiscal Year	Total Gross General Obligation Bonds	Amounts Restricted for Principal Repayments	Total Net General Obligation Bonds	Percentage of Estimated Market Value of Property	Net Bonded Debt per Capita
2010	\$ 32,717,758	\$ 13,977,284	\$ 18,740,474	1.9 %	2,463
2011	27,293,448	9,634,569	17,658,879	2.0	2,317
2012	20,419,704	8,805,956	11,613,748	1.4	1,516
2013	28,173,726	7,868,180	20,305,546	2.5	2,621
2014	25,283,109	8,395,615	16,887,494	2.1	2,110
2015	24,392,253	13,492,038	10,900,215	1.3	1,352
2016	22,801,843	13,243,651	9,558,192	1.1	1,149
2017	19,822,165	13,243,651	6,578,514	0.7	787
2018	23,003,305	14,899,540	8,103,765	0.8	969
2019	23,187,883	16,028,899	7,158,984	0.7	845

	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Overlapping			
Crow Wing County	\$ 4,980,000	10.76 %	\$ 536,025
Brainerd I.S.D. No. 181	209,940,000	23.83	<u>50,029,332</u>
Total Overlapping			50,565,357
City of Baxter Direct Debt	24,373,367	100.00	<u>24,373,367</u>
Total Direct and Overlapping Debt			<u>\$ 74,938,724</u>

Source:

Crow Wing County and I.S.D 181.

Notes:

(1) Calculated as the portion of Net Tax Capacity attributable to Baxter residents versus the overall Net Tax Capacity for the County and I.S.D. 181, respectively.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Baxter. This schedule estimates the portion of 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. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Legal Debt Margin

Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 29,220,874	\$ 26,142,159	\$ 25,015,317	\$ 24,149,172	\$ 20,899,339	\$ 25,310,556	\$ 26,383,818	\$ 27,898,416	\$ 28,740,252	\$ 29,836,779
Total Net Debt Applicable to Limit	3,770,000	3,605,000	3,495,000	3,315,000	3,125,000	2,930,000	2,695,000	2,455,000	2,210,000	1,955,000
Legal Debt Margin	\$ 25,450,874	\$ 22,537,159	\$ 21,520,317	\$ 20,834,172	\$ 21,024,172	\$ 22,380,556	\$ 23,688,818	\$ 25,443,416	\$ 26,530,252	\$ 27,881,779
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	12.68%	12.90%	13.79%	13.97%	14.95%	11.58%	10.21%	8.80%	7.69%	

Legal Debt Margin Calculation for Fiscal Year 2019

Estimated Market Value	994,559,300
Debt Limit (3% of Estimated Market Value)	29,836,779
Debt Applicable to Limit	1,955,000
Legal Debt Margin	<u>\$ 27,881,779</u>

Source:
Bond Issue Official Statements and Crow Wing County.

Special Assessment Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
2010	4,192,259	(2,974)	4,189,285	4,060,000	655,098	88.8 %
2011	2,840,064	(3,114)	2,836,950	4,515,000	533,435	56.2
2012	2,412,525	(1,287)	2,411,238	5,980,000	364,857	38.0
2013	1,832,753	(12,084)	1,820,669	1,660,000	246,779	95.5
2014	1,659,415	(2,012)	1,657,403	1,455,000	225,063	98.7
2015	2,747,419	(1,450)	2,745,969	2,465,000	189,449	103.4
2016	3,050,954	(224,999)	2,825,955	2,995,000	226,892	87.7
2017	2,686,939	(11,950)	2,674,989	2,100,000	260,587	113.3
2018	1,739,412	(1,429)	1,737,983	2,440,000	235,465	65.0
2019	2,604,619	(1,433)	2,603,186	1,780,000	363,699	121.4

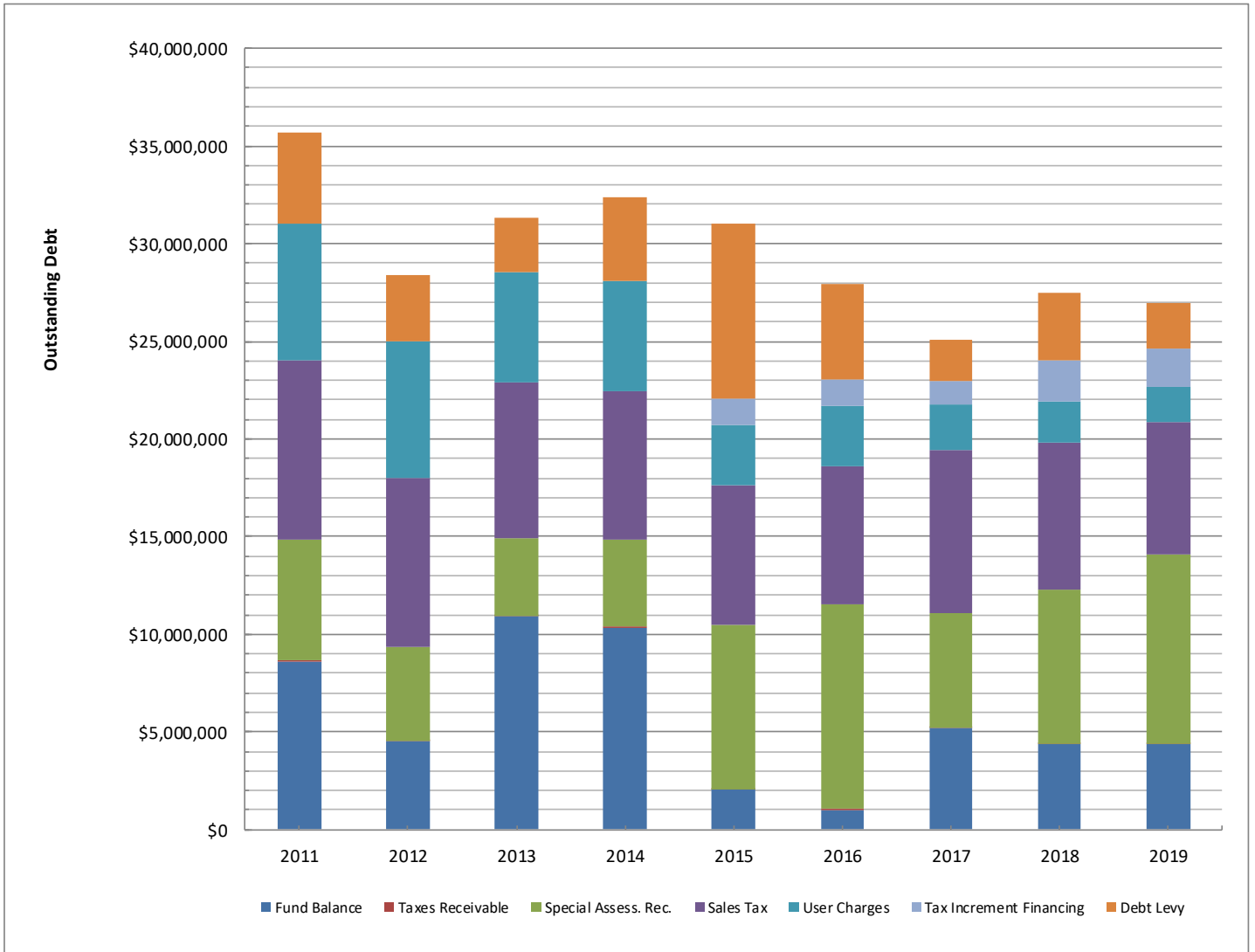
Special Assessment/Water Revenue Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
2010	78,276	(459)	77,817	225,000	29,035	30.6 %
2011	19,017	(459)	18,558	220,000	22,585	7.7
2012	59,484	(460)	59,024	230,000	15,720	24.0
2013	555	(459)	96	240,000	8,255	0.0
2014	-	-	-	130,000	2,178	-

Water Utility Revenue Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
2010	576,626	-	576,626	155,000	132,874	200.3 %
2011	577,736	(425)	577,311	160,000	126,968	201.2
2012	622,795	(403)	622,392	165,000	120,874	217.7
2013	632,227	(49,690)	582,537	170,000	145,943	184.4
2014	622,923	(250)	622,673	2,725,000	106,503	22.0
2015	667,495	(250)	667,245	205,000	48,750	263.0
2016	662,566	(135)	662,431	215,000	44,550	255.2
2017	655,185	(135)	655,050	215,000	40,250	256.6
2018	690,930	(180)	690,750	220,000	35,900	269.9
2019	698,759	(185)	698,574	225,000	31,450	272.4

Water Utility/Local Option Sales Tax Revenue Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
2010	705,656	-	705,656	265,000	210,000	148.6 %
2011	707,780	(453)	707,327	275,000	199,400	149.1
2012	760,368	(431)	759,937	290,000	188,400	158.8
2013	758,330	(66,820)	691,510	305,000	241,620	126.5
2014	973,173	(250)	972,923	310,000	232,800	179.2
2015	1,144,964	(250)	1,144,714	3,805,000	220,400	28.4
2016	1,096,035	(134)	1,095,901	365,000	68,200	253.0
2017	1,091,398	-	1,091,398	375,000	60,900	250.4
2018	1,124,689	(180)	1,124,509	380,000	53,400	259.5
2019	698,759	(185)	698,574	260,000	45,800	228.4

Sewer Utility/Sales Tax Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
2010	537,511	(1,261)	536,250	362,000	174,101	100.0 %
2011	686,992	-	686,992	412,929	273,609	100.1
2012	693,633	-	693,633	425,334	267,983	100.0
2013	693,187	(94,472)	598,715	438,333	254,882	86.4
2014	693,372	(3,174)	690,198	452,000	241,372	99.5
2015	693,106	(2,050)	691,056	465,667	227,439	99.7
2016	692,495	-	692,495	480,334	213,075	99.9
2017	693,588	-	693,588	495,334	198,255	100.0
2018	659,633	-	659,633	436,667	182,966	106.5
2019	619,515	-	619,515	450,667	168,848	100.0

Economic Development Authority Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
2010	128,883	(64,956)	63,927	24,000	-	266.4 %
2011	115,070	(193,494)	(78,424)	24,000	-	(326.8)
2012	155,062	(55,233)	99,829	4,000	-	2,495.7



Fiscal Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (3)	School Enrollment (4)	Unemployment Rate (5)	
2010	7,610	\$ 245,263	\$ 32,229	6,707	8.9	%
2011	7,620	256,337	33,640	6,631	8.4	
2012	7,661	257,716	33,640	6,549	7.3	
2013	7,747	285,516	36,855	6,663	7.6	
2014	8,002	312,982	39,113	6,600	5.9	
2015	8,065	326,633	40,500	6,648	6.1	
2016	8,318	348,416	41,887	6,334	6.5	
2017	8,360	357,557	42,770	6,747	5.8	
2018	8,470	386,317	45,610	6,811	5.2	
2019	8,470 *	386,317 *	45,610 *	6,811*	5.7	

Notes:

(1) Minnesota State Demographic Center, U.S. Census Bureau, and Crow Wing County.

(2) Calculated as (1) x (3) / \$1,000

(3) 2009: Minnesota Department of Administration, Office of Geographic and Demographic Analysis; data provided is for Crow Wing County, in which the City is located.

2010-2011: U.S. Department of Commerce, Bureau of Economic Analysis

2013-8: Bureau of Economic Analysis (BEA), U.S. Dept of Commerce

(4) Brainerd Public School District #181, Preschool - Grade 12

(5) Minnesota Department of Employment and Economic Development; data provided is for Crow Wing County.

* Most recent available data.

Principal Employers

Current and Nine Years Ago

Taxpayer	2019			2010		
	Employees	Rank	Percentage of Total Population	Employees	Rank	Percentage of Total Population
Wal-Mart	325	1	3.8 %	533	1	7.0 %
Costco	200	2	2.4			
MN Department of Transportation	200	3	2.4	160	7	2.1
Brainerd Bus Lines	150	4	1.8			
Forestview Middle School	150	5	1.8			
Target	140	6	1.7	150	8	2.0
The Home Depot	130	7	1.5			
Reichert Enterprises, Inc.	130	8	1.5	145	9	1.9
Good Neighbor Home Health Care	120	9	1.4	140	10	1.8
Kohl's Department Store	110	10	1.3			
Ascensus (1)				500	2	6.6
Fleet Farm				226	3	3.0
Menards				175	4	2.3
Nor-Son Inc				170	5	2.2
Kuepers Construction				160	6	2.1
Total	1,655		19.6 %	2,359		31.0 %

Sources:

Official Statements for city bonds

Notes:

(1) Ascensus was formally known as Bisys and consolidated in an adjacent city in 2010.

Full-Time Equivalent Employees by Function/Program

Last Ten Fiscal Years

	Full-Time Equivalent Employees as of December 31,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Administration	2.00	1.54	1.00	1.33	2.50	2.50	1.50	1.50	1.50	1.50
Finance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Information Systems	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Works Admin	4.00	3.46	3.00	3.00	2.50	2.50	2.50	2.50	2.50	3.50
Cemetery	0.24	0.24	0.18	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Public Safety										
Police	16.25	15.80	14.83	14.75	15.00	15.00	15.00	15.00	16.00	16.00
Building Inspections	2.00	1.52	1.00	1.00	1.00	1.00	1.00	1.50	1.50	1.50
Public Works										
Streets Maintenance	2.39	2.39	2.02	1.85	2.50	2.73	2.73	2.73	2.73	2.73
Culture and Recreation										
Park Maintenance/Recreation	7.38	6.98	6.53	6.74	6.82	7.05	6.99	7.01	7.01	7.01
Economic and Community Development										
Planning	2.00	2.00	2.00	1.42	2.00	3.00	3.00	2.50	2.50	2.50
Water, Sewer, and Storm Water										
Water	2.84	2.34	2.52	1.75	2.79	3.02	3.02	3.02	3.02	3.02
Sewer	2.84	2.34	2.52	1.75	2.79	3.02	3.02	3.02	3.02	3.02
Storm Water	0.25	0.26	0.31	0.41	0.61	0.61	0.64	0.61	0.61	0.61

Source:
City Finance Department.

Note:
Full-time equivalency for temporary and part-time employees is calculated as budgeted hours / 2080. FTE is adjusted for budgeted, but vacated/unfilled positions.

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Elections										
Primary	1	-	1	-	1	-	1	-	1	-
General	1	-	1	-	1	-	1	-	1	-
Registered voters										
Primary	4,761	-	4,793	-	4,817	-	5,035	-	5,402	-
General	5,100	-	5,505	-	5,187	-	5,717	-	5,687	-
Number of votes cast										
Primary	1,249	-	540	-	584	-	201	-	1,577	-
General	3,520	-	4,511	-	3,568	-	4,879	-	4,274	-
Voter participation (registered)										
General	69%	-	82%	-	69%	-	85%	-	75%	-
Cemetery										
Burials	9	6	12	12	9	10	8	13	18	8
Police										
All Police Calls	6,230	6,424	7,026	7,016	7,268	7,175	8,194	8,010	8,421	7,907
Arrests	659	717	881	741	638	483	435	412	362	491
Arrest Charges										
Burglaries	9	4	8	13	13	-	20	6	4	5
Drug Arrests	65	47	57	69	147	95	100	123	117	129
DUI	48	56	40	44	31	38	46	39	60	105
Forgeries	1	3	5	8	8	1	11	-	2	-
Fraud	68	55	81	61	68	3	37	1	4	1
Larcenies/Thefts	288	380	496	389	379	269	420	161	195	196
Building Inspection										
Building permits	622	576	696	684	797	717	868	844	882	937
Planning										
Zoning applications	36	34	48	44	32	31	34	52	42	34
Building permits for new construction	9	11	17	18	26	21	27	29	29	31
Architectural review projects	8	15	12	8	8	6	7	4	3	2
Code enforcement cases	28	59	70	50	52	57	15	20	15	*
Public Works Streets Maintenance										
Road constructed (miles)	-	-	-	-	1	2	-	-	-	1
Parks										
Program participants	*	1,072	1,015	925	896	990	1,028	1,039	1,001	1,019
Water										
Number of accounts	2,570	2,562	2,606	2,619	2,680	2,740	2,766	2,487	2,871	2,864
Amount distributed (millions of gallons)	281	254	290	291	279	310	301	301	312	301
Sewer										
Number of accounts	2,270	2,292	2,322	2,363	2,411	2,464	2,515	2,549	2,568	2,591
Amount processed (millions of gallons)	190	186	194	194	194	203	205	192	217	209
Storm Water										
Residential accounts	2,535	2,543	2,555	2,552	2,545	2,566	2,601	2,614	2,636	2,652
Commercial accounts	340	343	346	350	358	356	382	393	394	396
Commercial square footage	22,885,837	22,950,822	23,984,568	24,264,116	24,264,116	24,607,447	25,085,567	25,712,170	26,367,214	26,678,336

Source:

City of Baxter, various departments. Police information obtained from MN Department of Public Safety website.

* Information is not available.

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	9	9	9	8	8	8	8	8	9	9
Public Works										
Buildings	1	1	1	1	1	1	1	1	1	1
Trucks	9	8	8	7	6	7	7	8	8	8
Other Vehicles	7	7	7	7	8	8	8	7	7	7
Miles of streets	82	82	82	82	83	85	85	85	85	85.3
Street Lights	406	406	488	503	505	561	568	568	568	568
Culture and Recreation										
Number of parks	5	5	6	7	7	8	8	8	8	8
Acres of developed parks	58.5	58.5	61.5	64	64	65	65	65	65	65
Park structures	5	5	5	5	7	8	8	8	8	8
Playgrounds	5	5	5	5	5	6	6	6	6	6
Baseball fields	6	6	6	6	6	6	6	6	6	6
Hockey fields	2	2	2	2	2	2	2	2	2	2
Tennis courts	4	4	4	4	4	4	4	4	4	4
Basketball courts	4	4	4	4	4	4	4	4	4	4
Soccer fields	2	2	2	2	2	2	2	2	2	2
Skating rinks	2	2	2	2	2	2	2	2	2	2
Fishing pier	1	1	1	1	1	1	1	1	1	1
Utilities										
Watermain (miles)	85	87	87	87	90	90	93.5	93.5	93.5	95.1
Fire hydrants	800	819	832	847	850	850	890	897	897	913
Water towers	2	2	3	3	3	3	3	3	3	3
Water treatment plants	1	1	1	1	1	1	1	1	1	1
Interconnect buildings	1	1	1	1	1	1	1	1	1	1
Sanitary sewer (miles)	71	72	72	72	74	74	77.5	77.5	77.5	79.3
Manholes	1,300	1,329	1,349	1,367	1,370	1,370	1,448	1,459	1,459	1,479
Lift stations	22	22	22	22	22	22	22	22	22	22

Source:

City of Baxter, various departments.